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SEPT. 8, 1947

New Republic

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The Karl Marx-Wall Street Axis p. 17

PRICE OF MONOPOLY

1. **Railroad Blockade**
   An exclusive interview with Robert R. Young
2. **Steel Shortage**
   Who says we can't make enough?
3. **Power Famine**
   Rationing hits the west

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1897— Uncle Samuel: "I don't know what I'd do without you fellers—it sure is nice of you to show a poor country boy like me such a good time."

Pressure of the Press

IN the late nineteenth and early twentieth centuries, most of the larger American dailies, at the drop of a monopolist's silk hat, printed anti-trust cartoons of the type shown above. In those days, the trusts were the whipping boys of the press; much as was the New Deal in the thirties, they were blamed for everything from high taxes to low incomes. But the times and the press both change—today only the more daring metropolitan dailies and a handful of liberal and labor publications attack monopolistic financial control with editorial invective.

With nostalgia for the vigor that marked the American press before it began developing monopolistic tendencies of its own, the New Republic *reprints throughout this issue a few heirlooms from US journalism's less inhibited past.*

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New Republic

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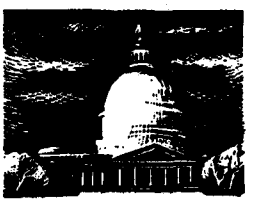
Washington Wire

Soldiers for Greece

THE State Department has a bad case of the jitters. In great haste it grabbed George F. Kennan, its long-range planner, out of his ivory tower and flew him to Paris. He was told to put his planning ideas into practice and to bring some order out of the chaos of the Marshall planners in Paris.



A couple of days after Kennan's departure, the department discovered that the right-wing groups it supports in Greece were not entirely coöperative. Also, there were rumors that Dwight P. Griswold, the American aid administrator with the title of Ambassador, and Lincoln MacVeagh, the Ambassador in fact, were not in entire agreement as to just how tough they should get with the Greeks they were trying to save. Griswold is a believer in rather blunt action, while MacVeagh, a long-time apologist for the right-wing Greeks, likes kid gloves.

To stop the squabbling, the department rushed Loy Henderson, director of its Office of Near Eastern and African Affairs, to Athens. Henderson is one of the people that not even the State Department security police would accuse of being a liberal. So his welcome in Athens should have been a royal one.

Of course, the Administration, despite its apologies, has never had respect for the rulers of postwar Greece. It has liked neither Tsaldaris nor Maximos, but an election now is out of the question and the Royalist Party of Tsaldaris and Maximos is the dominant party in Parliament. The US, therefore, has had to take what it could get, and to try to keep the right-wing as much in line as possible. That it failed in the latter attempt was demonstrated when the so-called "moderate" ministers said that even they could no longer stomach what was happening. Their resignation forced the cabinet crisis.

In addition to the governmental difficulties encountered by the American mission, there are others equally alarming. The Greek army is demanding more financial support than it has received, and it is now believed here that the $150 million allotted for military aid will not be sufficient. That will mean that economic aid will be reduced so that the military may get a bigger slice of the over-all amount available. George C. McGhee, coördinator of the Greek-Turkish aid program, already has said that "we may have to divert money from the economic program to unproductive military expenditures."

State Department planners frankly concede that the $350 million available for Greece probably will not last until next June 30 and that more money must be had from Congress.

Another phase of the military program is that involving troops. The British have between 5,000 and 6,000 troops in Greece at the present time. About 9,000 British troops have been withdrawn since March, and London is making final preparations to order the remainder home. Where does that leave the United States?

When the Truman Doctrine was enunciated last March, all of the White House, State Department and War Department spokesmen insisted, on and off the record, that troops to Greece would never be considered, short of war necessity. Now the Administration has completed plans to send troops to Greece if the British go through with their withdrawal. The Administration wants the British troops to remain, and it will try almost anything to keep them there. But the possibility that American troops may be sent to Greece is a serious one.

IS it General Ike after all? More than a few politicians here are convinced

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New Republic

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that he will be the next President. The Republican boom for him has grown in recent days, and unless the General himself does something to stop it, who knows where it may spread? The leading GOP politicians are keeping quiet, but it is known that some prominent Senate leaders have seriously discussed the Eisenhower-for-President campaign. The Tafts, Deweys, Stassens and Warrens are scared that Eisenhower is going to take it away from them. The Democrats concede that Ike would be unbeatable.

As part of their propaganda—and they may believe it—the Democrats say that Eisenhower has a real challenger in the great man from the Pacific, Douglas MacArthur. Isn't he planning to return home sometime in the spring, just a few weeks before the GOP convention convenes in Philadelphia? It could be that his parade across the country will end in Philadelphia just at the time the convention meets, which would be a remarkable coincidence.

NOTES. – Corporation income-tax payments increased by 30.5 percent in the fiscal year that ended June 30; individual income-tax payments increased by only 7.4 percent. . . . A big anti-trust suit against the leading investment bankers is in the final stages of preparation at the Justice Department. . . . Preliminary talks on the Japanese peace treaty probably will not be held until the General Assembly concludes its session late in the fall. . . . The big-business domination of the Department of Defense was completed last week when President Truman filled six key posts in the new organization. . . . Lawyers who have studied the legal aspects of the current witch-hunt are generally agreed that the displaced persons have little legal recourse. Only public opinion can change the situation. . . . Carroll Reece, the redoubtable Republican leader, says half the effort of the 1948 campaign will be devoted to "presenting the Republican cause from the women's viewpoint." All he will have to do to convince them is to show them how prices have fallen under Republican leadership.

Washington C. K. for T. R. B.

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New Republic

VOLUME 117, NUMBER 10, ISSUE 1710, NEW YORK CITY, SEPTEMBER 8, 1947

News in Focus

Greek Flattery

THE Truman Doctrine of aid to Greece was whisked through Congress and sold to the public last spring on the naïve thesis that a man with a full stomach is impervious to leftist wiles.

As the British could have told us, and probably did, it doesn't work out that way. Any power which undertakes extensive meddling, for good or evil, in the internal affairs of another is quickly up to his neck in local politics. As American goods and personnel began to arrive in telling quantity, it became increasingly obvious that we could not work through a government which lacked majority support even in Parliament, let alone in the country.

Ambassador Lincoln MacVeagh and Aid Administrator Dwight Griswold precipitated the whole business into the open, including their own feud. Day by day these facts emerged:

¶ Constantin Tsaldaris, the US's prime instrument in Greece, is such a shady character that no liberal will consent to serve in a cabinet with him. In the shuffle he took over the premiership and the arch-reactionary General Zervas was dropped, but the new cabinet was on an even more narrowly rightist base than the old one.

¶ Greek politicians are unmoved by any US threats to withhold aid. They know we are in too deeply to withdraw now.

¶ Tsaldaris and the Populist (Royalist-Business) clique are eager to flatter by imitation. The two first acts of the new cabinet were to ban strikes (in supposed emulation of the Taft-Hartley Act) and initiate a purge of government employees.

¶ The Communist-led forces have been making steady gains in the north all summer and have the initiative. Rearming and training the Greek army may be too slow. That the Greeks will be replaced by US troops is doubted by no one except a large segment of the US public.

Small Expectations

APPARENTLY the latest Hungarian elections were almost as fraudulent as elections usually are in Jersey City or the first four wards of Kansas City, Missouri. However, Hungary once again failed to live up to the worst expectations.

The Communists increased their percentage of electors from 17 to 18, but their zeal apparently alienated the Social Democrats to the point that a Communist-led left wing may have considerable difficulty in controlling a majority of the Parliament.

Neither the flight of Ferenc Nagy from Switzerland to the "Voice of America" microphone nor the best efforts of repeater voting squads have been able to bear out the "Red Coup in Hungary" headlines. At the same time the Hungarians have resisted importunings from this side of the water to establish an American-style democracy.

An Unamusing Spectacle

FEWER than two percent of the 52,000 American Legionnaires who infested New York last week turned up for the final resolution-passing seance on Sunday morning.

Of the 98 percent who did not attend, not all were lying in bed drunk. Twenty-five hundred attended Mass in St. Patrick's Cathedral, while countless others reeled about the streets, squirting cold water on women's Sunday dresses and otherwise engaging in last-minute displays of sadism. Still others, it is a pleasure to report, ate, drank, shopped, visited, theatred and saw the sights like decently bred adults.

The final meeting was a noisy, sweaty jumble of jingoism. With absentee delegates being recorded as voting with the majority, the delegates whooped 'er up for militarism, nationalism and reaction. They voted against the Wagner-Taft-Ellender housing bill as socialistic, and in favor of amending the Bill of Rights to curtail its guarantees of free press, free petition, free assembly and free speech. They almost denounced the Marshall Plan until Harold Stassen got up and assured them it was an anti-Communist plan; then they approved it unanimously.

The uniformed bullies who manhandled women, stuck dead fish in people's faces, threw bottles and bags of water from windows and generally engaged in an orgy of what the New York press chose to describe as "horseplay," hardly bothered to attend any meetings. The biggest turnout was for the ritualistic opening sessions in Madison Square Garden, attended by another *New Republic* reporter than the writer of the above paragraphs. His report:

The Madison Square Garden meeting began with "The Star-Spangled Banner," after which Governor Dewey and the crowd talked simultaneously. When Dewey sat down, the crowd gave him exactly five seconds' applause.

NONE of the other addresses, by Secretary of the Army Royall, Secretary of Defense Forrestal, and Secretary of the Navy Sullivan, was able to quiet the crowd, either. While Royall spoke, bored photographers located the Legion fat man, Douglas Roos of Minnesota (525 pounds) and

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took him out into a corridor for pictures. Man Mountain Dean, a former wrestler and a Legion sergeant-at-arms, who tried to heave Roos over his shoulder for the cameramen, drew so much laughter it made the people on the speakers' platform turn around in their chairs.

Only when the Legion chaplain took the rostrum and spoke of the World War dead, did the auditorium become silent. The lights switched off and Morton Downey came forward to sing "There Is No Death." When he reached "I tell you they have not died . . . ," an officer muttered an order and a line of Legionnaires in front of the dais lowered their pale Legion flags slowly until they shrouded the men standing in the first row. At "They have become divine . . . ," a blue spotlight flamed through the hall and pin-pointed an American flag, turning its stripes purple and its field black.

Francis Cardinal Spellman then read a prayer for the men who died on Okinawa. The spotlight went out and General Joseph McNarney stepped up and lit the "Peace Candle," which was set in a six-foot brass stick. Then another singer did "My Buddy" while McNarney stared at the candle flame. The orange light was weak, only reaching as far as the General's face and reflecting a little off the typewriters in the press row.

SUDDENLY the lights went on. Legionnaires lit their cigarettes and started talking again. The Garbarini Post drum and bugle corps, in red plumes and jackets, blared out "Stouthearted Men" and the flags staged a recessional down the main aisle. The Governor of Florida got up and suggested Miami for the next convention.

That was about all. Secretary Forrestal's speech came later on, but by that time most everybody had left.

The British Want It Tougher

by Arthur Hepner

LONDON (by wireless).—A feeling of frustration is setting in throughout England. Prime Minister Attlee's speech the second week of August brought disappointment, as I reported three weeks ago (*NR*, August 18 issue), but the government pronouncements last week produced downright discouragement.

Critics who sympathize with socialism and the Labor Government say the trouble is that despite clear portents the government did nothing for two years while the crisis was approaching. Not incompetence or dictatorship, as the Tories affirm, but lack of preparedness is to blame, they maintain.

THE more intelligent conservatives and middle-of-the-roaders take a similar view. This week's *Economist* argues: "What is infuriating is the government's propensity for nationalizing first and then looking around for a policy. . . .If they would first realistically face the facts regarding the country's position . . . then set targets that can be achieved and are consistent with each other, and only as a last stage evolve controls and take powers that are necessary to achieve the targets . . . they would not need to worry about frightening the people by being too drastic or too extreme."

Well over toward the Left, the *New Statesman and Nation* asserts: "There is a grave lack of urgency to the government's approach to the more vital task of increasing production."

Examination of the restrictions announced last week shows that they won't materially curb imports and expand exports, Britain's prime current economic need. The ban on pleasure motoring after October 1 will save little gasoline spending and the ban on overseas travel and small cuts in food allotments for luxury restaurants will save few dollars.

BUT they will win the approval of the working class which supplies the bulk of the Labor Government's support by hitting essentially the upper and middle-class pleasures. Moreover, the bans and curtailments must ultimately necessitate a certain amount of pulling in of horns by the establishments affected, which have a great many workers. These laid-off employees can be directed to essential industries which produce for export markets.

In the case of the ban on pleasure driving, there is the wishful thought that many Britons with motorcars on order will cancel, making more cars available for export. The government also has recommended to manufacturers that they standardize motorcar production to satisfy export trade demands.

IT IS likely there may be cabinet shifts soon. But Attlee will remain. For all its disappointments, the British Labor Government is here to stay a while, and Attlee is the only one who can hold the diverse forces together. Meanwhile there is optimism that the government will ultimately arise to the occasion. In pubs, in hospital waiting-rooms, in workers' canteens, in tea houses, but not in Mayfair, there are few ready to desert—even the Tories know this—but they would like the government to get tougher and make more than gestures toward coping with the crisis.

Arthur Hepner is CBS correspondent in London.

Companion Piece

REPRESENTATIVE Wright Patman's (D, Tex.) *Fascism in Action,* companion piece to the Government Printing Office's best-selling *Communism in Action,* is at last on public sale and doing very nicely. In its first week the GPO had 4,000 orders, on the basis of press publicity alone.

When the GPO notifies the 100,000 persons on its mailing list that the publication is available, it expects to exhaust the first edition of 25,000 quickly and have to print another. Whereas *Communism in Action,* which has sold 50,000 copies to date, sells for 25 cents a copy, *Fascism in Action* costs 40 cents a copy.

The 206-page book is a scholarly, well documented, detailed and hard to read study of the development of fascism in Germany and Italy prior to the war by the Legislative Reference Service of the Library of Congress. There is brief mention of Spain and Japan, none of Argentina. In a foreword, Patman writes that "there are many strong symptoms of fascism in our own democratic society. True, this movement in

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the US masquerades under other names than the discredited one of fascism, but whatever it may be called, its peculiar characteristics are alarmingly evident."

Less Said the Better

OVERSEAS News Agency correspondent Richard Mowrer reports that the Greek government has been jamming the "Voice of America" broadcasts beamed to Europe by the US State Department. When the "Voice" cites a news item not wholly complimentary to the Greek government, static suddenly interferes and blots out the offending material.

US representatives in Athens, Mowrer cabled, have reacted to the jamming episodes by asking the State Department to give the Greeks less Greek news on the broadcasts.

Taft-Hartley Test

ALLENTOWN (by Alan Reitman, *NR* correspondent). – A special election in the eighth congressional district on September 9 will offer first-hand evidence of labor's ability to fight back politically. As a test of the political provisions of the Taft-Hartley Act, CIO president Philip Murray, AFL president William Green, and A. F. Whitney, head of the Brotherhood of Railway Trainmen, have endorsed the Democratic candidate, Philip Storch, 36, an ex-Marine and former head of the Lehigh Valley Newspaper Guild. Storch's Republican opponent is Franklin Lichtenwalter, speaker of the Pennsylvania House of Representatives, whose nomination was seconded by Joseph Grundy, old-time political boss and power in the National Association of Manufacturers.

The most important element in the campaign is the complete unity achieved among all forces of organized labor. The United Labor Division of the Storch-for-Congress Committee is the sparkplug of the campaign groups which also include representatives of farm, women's, business, professional and youth groups in the Lehigh and Bucks County area.

In Allentown, the home of 30,000 AFL, CIO and BRT workers, every industrial area is now covered by a Storch-for-Congress club. AFL and CIO co-chairmen work side by side, and are jointly selecting ward workers. A similar drive is under way in Bethlehem, where Phil Murray's United Steel Workers are dominant, and in Bristol, the main industrial area in Bucks County. The only question is whether the machinery was established in time.

Storch's program is topped by a pledge for prompt legislative action to bring prices down, repeal of the Taft-Hartley Act, federal low-cost housing, a national health and education program, guarantee of equal rights for all minorities, an end to seed, fertilizer, feed and farm-equipment monopolies, and a strong United Nations.

Lichtenwalter's record on labor is bad. He guided passage of eight anti-labor laws, including a flat elimination of unemployment-compensation relief for strikers, increasing the work week for women from 44 to 48 hours, and bans on picketing and strikes of public employees.

The rural vote looms large. Bucks County, heavily populated with farms, has been traditionally Republican. For this reason special stress is being placed on getting the maximum industrial vote out in Bristol and Quakertown, and rolling up a big majority in Allentown and the Lehigh County area.

"Leave Us Alone . . ."

DENVER (*NR* correspondent). – In this lovely city, where (1) according to the Associated Press, the price of a home hiked from $7,500 in 1939 to $20,000 in 1947, (2) a recent survey disclosed that 15,000 persons, mostly veterans, are still looking for homes other than garages and basements, (3) the City Council has just killed all rent-control proposals advanced by earnest young Mayor Quigg Newton—here in Denver spoke President Edward R. Carr of the National Association of Home Builders.

Said Carr: "Just leave us alone another year and we'll answer the critics. . . . I heard President Truman didn't even write that speech [attacking the realtors' lobby] and was embarrassed when it got out. . . . Houses won't be cheaper within five or six years. . . . I don't know of any group of men more public-spirited than builders and real-estate men."

Happy Holiday

THE other day, the eight-year-old Princess Beatrix of the Netherlands went with her three small sisters to the seashore at Katwyk, to paddle and build castles in the sand. But soon word of their presence got about, and a crowd gathered to stare, at which point a nurse rushed up and whisked the children away.

As the toddling Princess Beatrix, dissolving in tears, was dragged off, she turned to her audience and wailed, "Why can't we have a happy holiday with just you people?"

The Murky Periscope

THE *Newsweek* gossip column called "Periscope," like most gossip columns, prints some items that are true and some that are interesting. But the interesting items are seldom true and the true ones are seldom interesting.

An interesting lie in last week's "Periscope" said:

". . . Theodore H. White, co-author with Annalee Jacoby of *Thunder Out of China,* has resigned from the *New Republic* staff because of a disagreement over foreign policy with editor Henry Wallace. Although the book denounced the Chiang Kai-shek regime, White nevertheless feels that Wallace is entirely too tolerant of Soviet expansionism. . . ."

The uninteresting truth is: (1) White and Wallace are not in disagreement over foreign policy. Far from disagreeing on any policy, they are, as always, firm friends and on the same side of the political fence. (2) Indeed, White did not resign, but took a vacation and leave of absence to complete a new book, and is scheduled to return to the *New Republic* in the late autumn.

Visibility through the periscope would be improved if it were washed up a bit. It's got pretty slimy.

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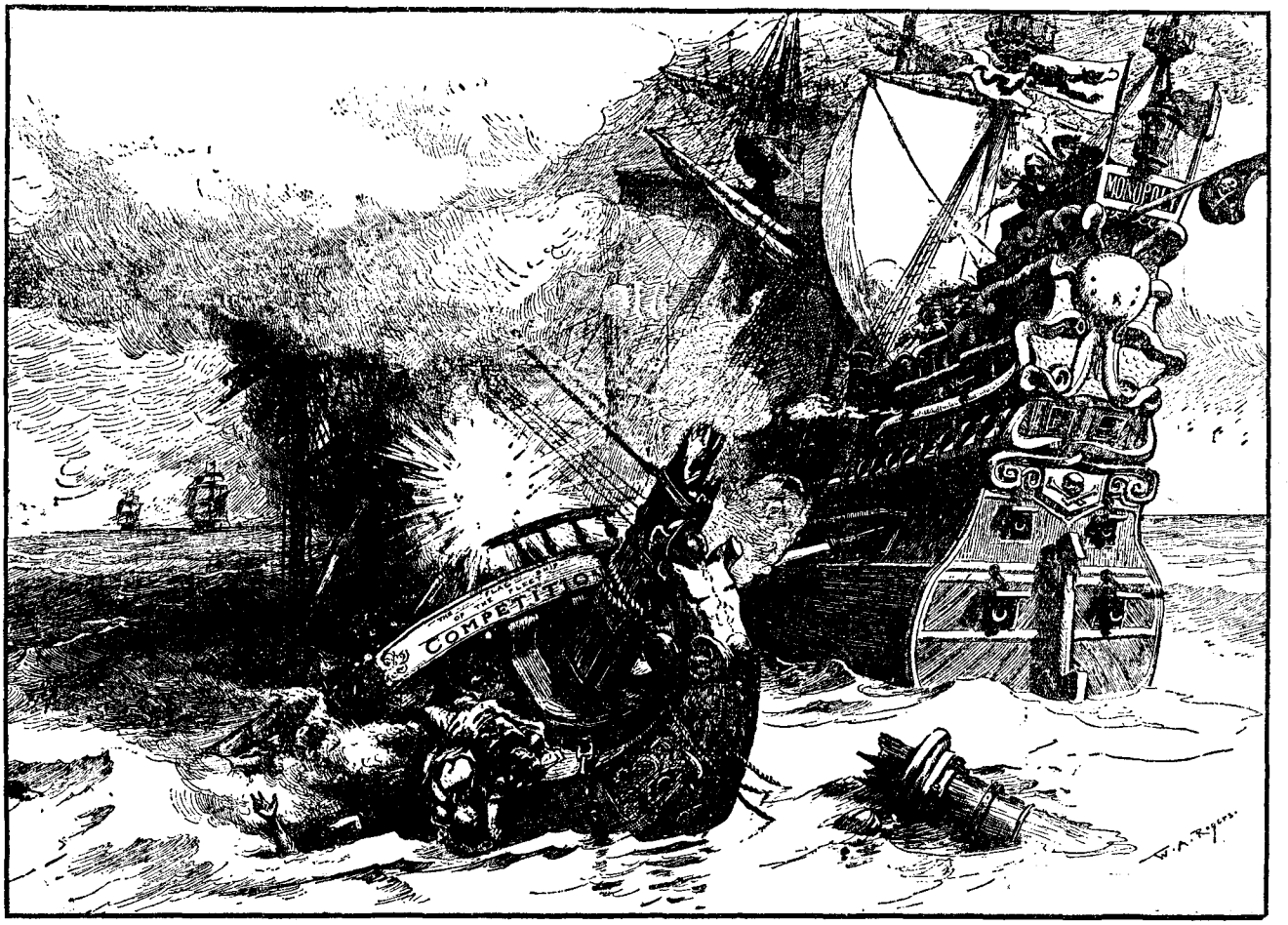

1888— The pirate on the poop deck: "This'll teach you free-competition boys not to interfere with freedom on the high seas."

Truman Makes Monopoly a 1948 Issue

by Helen Fuller

THE Truman Administration has rediscovered monopoly. The issue of opposition to the evil of monopoly, a plank in every party platform, Democrat and Republican, since 1888, has cropped up already in the jockeying for position of the 1948 campaign.

Fighting the trusts is still thought to be such a popular idea that the Taft-Hartley Act was advertised as a bill aimed at labor monopolies, and the Republicans are trying to disguise their current attack on coöperatives as a move against monopolies in the tax field.

But the Democrats feel they can do better. The high cost of living is sure to be a major issue in 1948, and old-fashioned trust-busting looks to the Democrats like a good way to pin the blame for still soaring prices firmly on Republican big business. Attorney General Tom Clark is being made up to look as much like Teddy Roosevelt as so mild-mannered a fellow can. And the Anti-Trust Division of the Department of Justice is loudly announcing how tough it is going to be from now on.

Complaints alleging "conspiracy" in pricing and distribution have been brought against practically the entire steel industry, eight leading rubber-tire manufacturers, three technicolor businesses, and top real-estate and oil operators, with more to come. The rubber companies are accused of having conspired since 1935 to fix uniform prices for auto tires and tubes. The National Association of Real Estate Boards and various local boards are accused of setting standard commission rates and helping to bid real-estate prices up, especially on commercial sites. All industries operating in the food, clothing and shelter fields are on notice that the government is out to track down and punish anyone found to be involved in conspiracies to increase the cost of consumer goods. Building materials, textiles, glass, soap and food are on the long list of other commodities being investigated.

The good guessers are saying that big processors like duPont, American Viscose and American Rayon are the most likely candidates for price-fixing action in the clothing field; General Foods and big-profit packing com-

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panies like Armour, Swift and Wilson in the food field. Anti-Trust Division chief John Sonnett says, in a very determined voice, that no businessman has ever gone to jail under the anti-trust laws but that he aims to send some there.

President Truman is still mad at business leaders for refusing to cut prices when he asked them to, and Clark is busy trying to punish them for ignoring his chief. Few experts expect all this violent activity to result in any real reduction in prices. It will take a good five years to work most cases through the courts. But the professional trust-busters in Washington are hopeful that the vast amount of publicity now being given to monopoly may reawaken public concern over the growing concentration of industry. If the furor resulted in nothing more than a deficiency appropriation for anti-trust work from the next session of Congress, it would be well justified, they say.

No funds

IRONICALLY, while the concentration of American industry has been mounting to new highs (see part 2, below), the anti-trust laws have also been steadily growing in strength. The laws are no match for the monopolies today largely because Congress has refused to appropriate adequate sums for enforcement and the Administration has not given its full support to an anti-trust policy throughout the government.

After the claws of the original Sherman Anti-Trust Act were cut by the decisions in the Standard Oil and American Tobacco cases in 1912 and the US Steel and International Harvester cases in the twenties, monopoly operated with little governmental interference until the New Deal. It came to be widely accepted that, contrary to original court interpretations, mere bigness was no offense under the Sherman Act.

Fight begins

AFTER the fall of the NRA, New Deal lawyers rediscovered the rusty old Sherman Act, and, doing an abrupt about-face, set about trying to enforce it. Thurman Arnold and a band of zealous trust-busters moved into the Anti-Trust Division of the Department of Justice and launched a campaign to break up the vast corporate empires and restore competition. They began the long fight against international cartels. And in the four years following 1939, over 50 percent of all the anti-trust prosecutions brought during the entire 50 years of the Sherman Act were instituted. In the late war years, President Roosevelt needed every bit of coöperation he could wring out of American industry, and prosecutions for anti-trust violations had no place in the picture.

Much of the lost ground might have been regained if the anti-monopoly campaign had been redoubled when the war was over. But Congress, under Democratic as well as Republican control, refused to grant the necessary funds and ignored pleas for legislation needed for more effective prosecution—like the Voorhis patents bill and the Kefauver merger bill. The Attorney General told Congress in the recent appropriations hearings that the fees of the defense attorneys in one anti-trust case last year exceeded the total annual budget for the whole Anti-Trust Division.

Progress made

ANTI-TRUST actions are lengthy and costly affairs, and on so slim a budget the division was able to bring up only a few of the cases. But Arnold and his successor, Wendell Berge, who carried on with equal force and ability, were able to advance anti-trust law a considerable distance through court decision. The hard-fought ALCOA case, US *v.* the Aluminum Company of America, decided in 1945, is considered by many as a turning point in anti-trust law. It narrows the gap between the "conspiracy" cases and the straight-monopoly cases under the Sherman Act and "comes near," according to an expert like Dr. Edward Levi, "to being a holding that size alone is the offense." Judge Learned Hand, by his decision in the ALCOA case, seemed to return to the original purpose of the Act, making monopoly itself a violation, not merely abuses of monopoly. The decision in the American Tobacco case last year applied to ALCOA. But it is not certain that the Supreme Court will follow the interpretations in those two cases hereafter. There are experts on both the Right and the Left who are convinced that the Sherman Act is too weak a weapon with which to attack monopoly and that governmental controls over industry are necessary. But there are probably more foes of monopoly today than there have been in years who believe that vigorous enforcement of the Sherman Anti-Trust Act is the best present answer to monopoly.

Slow up

SINCE Wendell Berge's resignation from the Justice Department last April, there have been constant cries of alarm from old-time trust-busters that Justice was laying down on the job. The appointment of John Sonnett—a young Brooklyn lawyer, close friend of Tom Clark and ardent supporter of Harry Truman—who had previously headed the Claims Division of the department and won the government's case against John L. Lewis last year, to the Anti-Trust job did nothing to quiet them. The New Dealers in the division who had not already given up the fight drifted off to teaching jobs or to make some money in private law practice.

Sonnett has restaffed with competent though generally uninspired, former colleagues from Brooklyn or from his old division in the department. Under Sonnett, the pending cases brought under Arnold's or Berge's administrations have been carried forward systematically.

New cartels

BUT there has been absolutely no action on cartels in the months that Sonnett has been in office, although the large number of new cartel agreements now being formed is no secret.

The Anti-Trust Division under Arnold and Berge put a great deal of energy into winning public understanding and support of their program. Son-

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nett says that he will run away from speechmaking and has no plans for public education except by prosecuting and more prosecuting.

Undue delay?

WHEN Sonnet assumed office he ordered a complete review of pending cases. As yet, no new cases have been ordered by him. What will happen to the case against the investment bankers, or the IT&T case? There are critics who say he is guilty of undue delay in declaring what he intends to do on these and many more. But other former Arnold employees point out that trust-busting is not an easy job to be learned overnight, that with a staff largely inexperienced in the field, Sonnett could not be expected to move much faster than he has.

The efficiency of the Assistant Attorney General in charge of anti-trust activity is more dependent on full and complete support from the White House than is the average little-cabinet job. Certainly John Sonnett has White House confidence, and for a time at least it appears that he is to have the Administration's ardent approval in waging war on the trusts. The Democratic National Committee is urging the President to follow his own inclinations and challenge the Republican's big-business contributors to combat under the brightest klieg lights the committee is able to supply.

Why Big Steel Will Best the FTC

by Jan Hasbrouck

THE case of the Federal Trade Commission *v.* US Steel, *et al.*, which will open in Washington in September, will be a battle between an anemic midget with one hand tied behind his back and a vigorous giant who has just had a shot of benzedrine. The midget can hope for nothing but the sympathy of the balcony crowd in the latest round of a sham battle which has been going on for years.

Here is how the FTC operates, and a simple statement of the process is in itself one good explanation of why nothing ever comes of it. A complaint has been issued charging that US Steel, Republic, Bethlehem, Jones and Laughlin, various other steel companies and the American Iron and Steel Institute have stifled competition and fixed prices largely through use of the "basing-point" system of price schedules. This is a highly complex system which was consolidated and given industrywide force as a code of fair competition during the NRA days. The American Iron and Steel Institute was made code authority, and after the Supreme Court killed the NRA the code was continued as a "voluntary agreement" among firms controlling 90 percent of US iron and steel capacity.

Court to rule

THE "basing-point" system is a price-fixing device used in several industries. A group of manufacturers who can control the market work out a schedule of delivered prices from

Politics and Politicians Come and Go.

NO matter what partisan political use may be made of the issue, the fact remains that monopoly in big business is real and dangerous, threatening both our domestic economic situation and our world position. Despite loud trust-busting talk and the Sherman, Clayton and Robinson-Patman Acts, the control of industry in the US is more centralized than ever before in our history. And the possible consequences are more serious.

Our national security demands that we carry through a large-scale program for world reconstruction. Experts say that we need at least a half dozen new industries in the next 10 years to provide jobs for all in the US. The studies now being made in Washington in connection with the Marshall Plan show that to come close to meeting world requirements we will have to follow a careful production plan, with flexible price, wage and investment policies assured. But our national price structure and investment policy are now in the hands of a few big producers, and their plans call for none of these.

This is about the size of the problem:

Two-thirds of the manufacturing capacity of the country is controlled by 250 corporations. This is the equivalent of all manufacturing facilities in the US in 1939.

Control in most industries is in the hands of the top three or four producers. In close to one-half the industries covered by the census, four companies control three-fourths or more of the total supply. (A single company still controls a whole industry in the case of molybdenum, nickel and shoe machinery. In recent years, two companies have accounted for 60 percent of our dyestuffs, 55 percent of steel-industry assets, 90 percent of sulphur, 95 percent of plate glass.)

ONE-TENTH of one percent of American corporations own 52 percent of total corporate assets. Less than four percent of the manufacturing corporations of the country earned 84 percent of the manufacturing profits last year. In the first six months of this year, the New York Stock Exchange reports that 402 companies whose common stock it lists, made 97.9 percent greater profits than in the same period last year.

With large excesses of working capital on hand, many companies are

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certain base points in various parts of the country. Thus if a contractor in Nevada wants some steel, he will find that all producers, no matter where their plant may be, offer steel at the same price, f.o.b., the base point nearest to him. The Supreme Court has ruled one such system in violation of the Clayton Anti-Trust Act in the Corn Products case. Argument has been completed, and the Supreme Court will rule this fall on another, the Portland Cement case. But each industry says its system is different and, of course, legal.

Trust to time

ON September 19, the steel boys must appear in Washington to show cause why a cease-and-desist order should not be issued against their version of the system. The FTC then acts as a quasi-court and may recommend that an order be issued telling the steel firms to stop their illegal doings. There is no penalty if they comply. If they ignore the order, the FTC can go to court, and can count on fighting on and on until the Supreme Court gives its decision. If the FTC is upheld, the steelmen must pay $5,000 for each proved violation and think up a new system. The *Iron Age*, a trade publication not aimed at general circulation, made the obvious sneer at this nonsense: "The case will probably drag on for years and by that time the political complexion in Washington may have changed and the case dropped."

Unequal battle

IT IS an unequal battle, for not only is the FTC hampered by lack of power and cumbersome procedure, but it is also kept down to size with niggardly appropriations. In fiscal 1948, it will have $2.9 million, compared, for example, with $11 million for the loyalty purges. US Steel *et al.*, flexing their financial sinews with unprecedented profits, are ready to spend that kind of money several times over to keep the bugaboo of free competition away from their door. For the FTC, steel is just one of several cases, since besides the Clayton Act, it must also administer the Webb-Pomerene Export Trade Act, the Wool Products Labeling Act and the Lanham Trademark Act. It is kept so busy with petty cases of misbranding, false advertising and sharp retail practice that it has little strength left for the feature bouts with the great monopolies.

Fear publicity

THE only FTC weapon which the big trusts fear at all is publicity. Section six of the Federal Trade Commission Act empowers the FTC to find out and publish data on prices, wages, profits and other facts of US economic life. But this function has been allowed to become practically vestigial. After the last war, 600 persons at the FTC were occupied under section six; now there are only 31, only nine of them economists.

Before the FTC can really do anything about existing monopolies, public opinion will have to force larger appropriations, elect representatives who will tighten the antiquated laws—Clayton and FTC Acts were passed in 1914—and create a national atmosphere, especially in the courts, which will permit trust-baiting to become trust-busting. But the FTC could at least arrest the present alarming ac-

. But Monopolies Are Ever with Us

using their liquid assets to buy up other companies. Last year the 62 largest corporations held $8.4 billion in liquid wealth, "enough to purchase 90 percent of all the manufacturing corporations in the country."

Six corporate giants, in the last recent comparison made, showed gross revenues greater than those of any city or state in the nation. (General Motors, US Steel, American Tel & Tel, A&P, General Electric and the Pennsylvania Railroad all had incomes greater than New York State.)

During the war our policy of giving the vast majority of war-production contracts to big companies pushed industrial concentration to a new high. The 100 largest corporations were given 67 percent of the prime war contracts, the big steel, aluminum and copper producers naturally benefiting most. These 100 giants operated 75 percent of the government-owned plants and received 66 percent of the funds which the government provided to private industry for scientific research and development, together with the peacetime patent rights to their discoveries. Meanwhile, a half million small firms disappeared.

The increase in concentration did not stop with the war emergency. Federal Trade Commission figures show that we are now in the midst of a new merger trend. More than 1,800 manufacturing and mining corporations have been absorbed by other companies through mergers or direct sales since 1940, most of them since V-J Day. In the first quarter of this year, there were more mergers than in any corresponding period since the depression year 1931, 20 percent more mergers than in the last quarter of 1946.

UNITED STATES STEEL has bought its way into the prefabricated-housing field. Lever Brothers has bought Pepsodent. General Foods has absorbed meat-packing and coffee firms. National Lead took over the Texas Mining Company, sole independent processor of antimony. Swift and Cudahy, US Rubber and Goodrich are buying up competitors. The merger record is not made up of small companies trying to better their competitive position. Seventy percent of the firms bought out since 1940 were less than $1 million businesses; nearly 75 percent of the buyers were corporations with assets of more than $5 million.—H. F.

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celeration of capital consolidation (see above) if it were armed with a bill Representative Kefauver (D, Tenn.) has twice introduced into Congress.

It was the original intent of Congress, as stated in a Senate Judiciary Committee report on the original FTC bill, "to arrest the creation of trusts, conspiracies and monopolies in their incipiency." To this end the FTC was given power to prevent one company from acquiring the stock of a competitor. But it said nothing about the assets of a competitor. Backed by a series of Supreme Court decisions, this loophole has been enlarged until the clear intent of the law has been completely nullified. Big firms can buy outright everything a little firm owns without touching its stock. It is not as if no one knew this was going on. Since 1927, the FTC has recommended in each yearly report that the loophole be plugged. Lengthy hearings have been held and voluminous testimony taken. But nothing has come of it. At the last session of Congress, Kefauver introduced a bill to extend the Clayton prohibition. Small-business organizations, independent and consumer groups were all behind it. The House Judiciary Committee voted its approval and sent it to the Rules Committee—where it died. Exactly the same story was repeated at the session just ended.

Kefauver, co-author of *20th Century Congress*, is a young man who is very dry behind his legislative ears, and is hardly surprised at the fate of his bill. In its support he has laid down this challenge to future Congresses, which really gets at the heart of the matter: "We have now an opportunity to see whether those who in debates on the labor bill were so opposed to monopoly are actually against monopoly itself, or are only critical of monopoly when it appears in the field of organized labor."

The Power Famine Arrives

by Peter Madison

THE short-run prospects facing consumers of electric power are bad. The long-range prospects are hardly any better.

The plight of the power industry has long been apparent to everybody except the power industry. The *New Republic* foretold the bad power situation last May 12 and offered constructive suggestions for short and long-run betterment of the industry.

Since then, a meat-packing plant has sued a Florida company for $100-000 because voltage reduction caused alleged meat spoilage. An Eastern surgeon has held an incision closed with his fingers for a dark hour during a power failure. Three large West Coast plants have lost two-thirds of their power supply and others stand idle for want of power. Evidences of power failure, power deficiency, and power shortage are appearing all over the United States.

The power companies have adopted most of the available short-run remedies. Emergency interconnections have been approved by the Federal Power Commission to link up systems across state lines, so that they can share their reserves. Utility brochures are explaining why electric heating is uneconomical. Utility seminars are briefing architects and builders on avoidance of electric appliances. Reversing their usual procedure, many utilities are running expensive steam-generating plants full time and holding their cheaper hydro-power for demand peaks.

The entire state of Florida is tight-roping along with only 29,000-kilowatts of spare generating capacity. Should one 40,000-kilowatt unit burn out, much of the state would enjoy darkness indefinitely. A 30,000-kilowatt steam plant, built by Army Engineers and mounted on a barge, is working full time at Jacksonville. Another is serving the New Hampshire Public System. A 10,000-kilowatt mobile generator, mounted on a railroad flatcar, is tied into Arizona's Salt River Valley power system.

These short-run remedies are costly. Power rates are certain to rise from now on, especially in New England, where rates are already high. And palliatives won't solve the long-range problem of capacity shortage. Projected demands for power by next December are placed at 5.4 billion kilowatt-hours per week. The nation's power industry is capable of supplying, at best, no more than 5.2 billion.

Short-term view

THE relation between power and a healthy economy is a close one. Rate of population increase and industrial growth go side by side with plentiful and cheap electricity. Numbers of population—and wage earners—have grown phenomenally in the Tennessee Valley and around Bonneville, where power is cheap. Meanwhile, in New England, the population has lagged behind the national growth of about eight-percent since the last census.

The utility companies are making every effort to meet current demands. Construction of new capacity is proceeding as fast as possible (300,-000 kilowatts of capacity were completed in the first six months of 1947, out of some 3,000,000 scheduled for the entire year). But the power industry has never been willing to anticipate demands, and to build for the future.

Long-range construction plans of the industry call for no more than 11,000,-000 kilowatts of new capacity by the beginning of 1952. Even discounting facility-deterioration, the power capacity of the nation will be almost as far behind demand by the close of that program as it is today. The American economy is trying to grow up. And, if it gets enough power, it will.

An example of the uneven statesmanship in the power industry is its strenuous and successful opposition to appropriations for new power projects by the Bureau of Reclamation. There is no need to document the ultimate source of opposition to the St. Lawrence Waterway project, which would provide New England with 2,-500,000 kilowatts of cheap power.

The statesmanship of the utility business was further illustrated this summer. Only shortly before W. G. B.

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Euler, general manager of the Pacific Gas & Electric Company, admitted publicly that his company had been obliged by drought and "unprecedented demand" to curtail service to three major West Coast factories, a strangely contradictory statement was issued in the East.

The statement came from Charles E. Oakes, president of the Edison Electric Institute, and in that capacity spokesman for the entire power industry. Oakes is also president of the Pennsylvania Power & Light Company, whose reserve capacity at the close of 1946 stood at exactly zero. As late as July 22, Oakes said: "Although the early postwar growth of demand for electricity has exceeded expectations and has narrowed the industry's margin of spare and reserve capacity, all customer demands will be met in 1947 and in the years following."

The California CIO Fears Power Famine

SAN FRANCISCO (by Robert Kinkead, *NR* correspondent). – California labor is seriously concerned about the increasingly grave electric-power shortage out here and lays most of the blame for it on the Pacific Gas and Electric Company, the private-utility colossus that has fought progressivism in California for so many decades.

The California CIO Council filed a statement with the Public Utilities Commission, accusing the PG&E of concealing the truth of the power shortage "to keep the public from demanding the fullest expansion of the Central Valley's Project power facilities."

At the same time, Richard L. Boke, regional director of the Bureau of Reclamation at Sacramento, revealed that when, last February, he had warned about the coming power shortage, Emory Wishon, PG&E vice-president, called his statement "erroneous in its assumptions and misleading in its conclusions." And despite the present shortage, PG&E's president James B. Black sticks to his opposition to congressional appropriations for transmission lines from the Shasta powerhouse on the ground that privately owned utilities "fully serve" the needs of northern and central California.

Shortage serious

BY now, the shortage has grown so serious that the CIO Oil Workers International Union has asked the State Public Utilities Commission to order an immediate brownout of illuminated display signs, and the cutting down of other "non-essential uses" of power.

The union took the step because PG&E has cut by two-thirds the power it has been supplying to the Shell Chemical Company, and has also cut down the supply to the plants of the Dow Chemical and Hercules Powder Companies. Union officials said they feared that other industries soon would be affected, and workers laid off or cut down on working time.

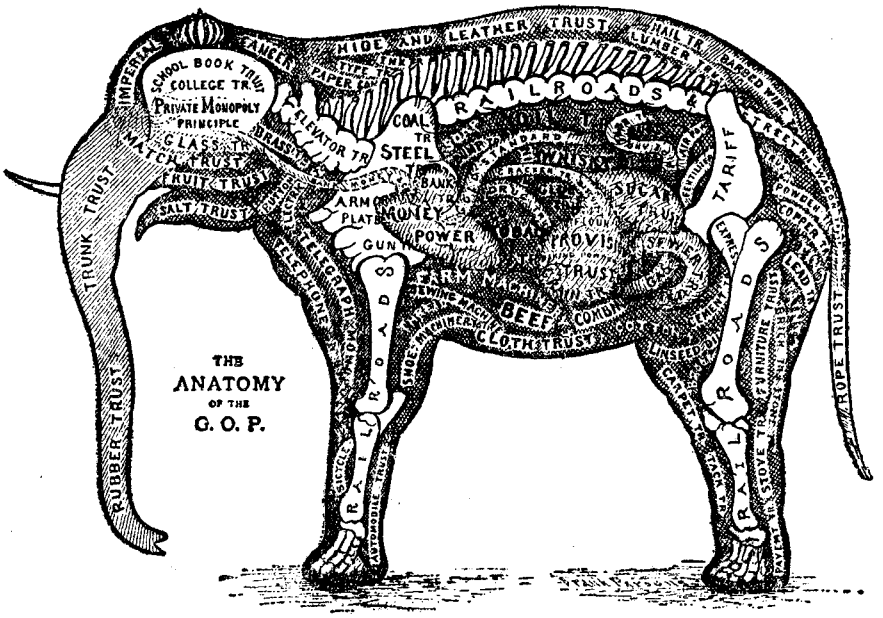
All PG&E has to say is contained in its general manager W. G. B. Euler's statement that the situation has been aggravated by an unprecedented demand and an unusually dry year. Expansion of facilities has been limited by shortages of material and labor, but, PG&E officials insist, the expansion program will be able to handle the demands. However, PG&E takes into account only *existing* needs while public-utility supporters stress new needs. For example, they point out that the systemwide load, the second week of August, was 1,965,000 kilowatts, 271,000 more than the wartime peak; that commercial and industrial needs this year jumped 123,000 kilowatts above last year; that there has been a 20-percent increase in the use of electricity on farms.

A critical situation

BOKE warns that the power shortage will last at least until the first of the year. The situation is made worse by the fact that a 30,000 kilowatt overload carried by the Shasta generators on PG&E's request will have to be eliminated September 1 to permit a start on the work of building Keswick Dam. Boke points out that this overload, originally designed to meet brief period peaks, is now being used for round-the-clock base load.

"We in the bureau," he says, "believe nothing can be gained by concealing a critical situation. What this area needs quickly is a real development program by both public and private power agencies to the full measure of their abilities."

But the Big Power Boys, like monopolists elsewhere, play it tight and tough.



1900— A Democratic Party campaign drawing entitled: "The True Inwardness of the Republican Elephant"

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Henry Wallace

Trust Busters and Planners

I HAVE known many of the trust-busters under Thurman Arnold and Wendell Berge in the Anti-Trust Division of the Department of Justice. In the late thirties and early forties they had a greater passion for their job than any of the other New Dealers in Washington. They were sure they had the magic device that would enable us to recapture all the virtues of old-fashioned, pre-monopolistic American life, while at the same time we unlocked the door of the future with free competition, and stepped into a world of unimagined abundance and low prices.

Their horror stories of German cartels working in cooperation with British monopolists and American corporations were extraordinarily convincing. They were able to convince the big farm organizations and many small businessmen of the justice of their cause. They carried on a magnificent battle against the railroads in the effort to change out-of-date freight structures which were maintaining excessive industrial concentration in the Northeast. More than anyone else, they tried to make American capitalism work the way our forefathers wanted it to work.

I hope the Anti-Trust Division continues to keep a watchful eye on monopolistic practices in the future as it has in the past. But I trust no progressive will be deceived into thinking that the attack on high prices by the Department of Justice at the present time is going to be particularly helpful. Unless the next session of Congress makes very large appropriations to Europe, or for the Army and Navy, or war is clearly imminent, the current inflation will come to an end sometime in 1948, prices will fall and a certain amount of unemployment will begin. In such a case, the Department of Justice can claim a certain amount of credit. On the other hand, if Congress makes very large appropriations in dollars to needy nations overseas there is very little the Department of Justice can do to bring the current inflation to an end.

Big businessmen, whether rightly or wrongly, often feel that trust-busting is political in nature and that periods of excessive activity and inertia in the Anti-Trust Division ebb and flow with the political tide. Some of them may even feel that the particular industries attacked may be related to the politics of the active management. They point out that the industries attacked usually have a better record for efficiency and holding down prices than those not attacked. Extreme New Dealers take the other side of the argument and claim that the anti-trust boys never have reached out to touch the real citadels of power control, and never will.

MY OWN feeling is that trust-busting, unless it goes to the very roots, will never have much to do with full employment, abundant produce, low prices and a high standard of living unless it is accompanied by and related to planning. If we had not had World Wars I and II, trust-busting and regulation might have done the job, but I doubt even that. My memory goes back to the long conversations between my grandfather and Gifford Pinchot with regard to the controlled and planned exploitation of our natural resources—water, soil, forests and mines. Those were the days when our progressive cities had planning commissions to consider where the schools, water systems and highways should be located for the benefit of the next generation. Those were the days when Tom MacDonald and the Bureau of Public Roads began to plan the highways and bridges that were necessary to service a growing country. American Tel and Tel began its plans looking 15 and 20 years into the future.

One of the greatest disfavors the Russians have ever done us was putting the word "planning" into disrepute. Up to 1930 it was a good American word. With the possible exception of Germany and the Scandinavian countries, we had done more planning than anyone else, especially in our great corporations. We had done splendid planning work in our cities and had made a start in our federal government which was of the greatest service to business as well as to people generally. And then Russia came along with her five-year plans and the word "plan" began to mean something foreign and terrible, especially if engaged in by the government. Although the problems had become greater than ever before, the US government was now supposed to improvise from day to day. It could set up a budget a year in advance, but planning with regard to our natural resources or full employment or avoiding depression was looked on as something smacking of

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Red Russia. The National Resources Planning Board committed the unforgivable sin when it said publicly that lack of planning in the thirties had cost the nation over $200 billion. It was the nerve which told the country that the tooth was aching—and so Congress abolished the Board.

IN 1945, James Patton of the Farmers' Union and some of the rest of us began agitating for a new type of planning which was finally enacted into law in a rather incomplete form under the title, "The Employment Act of 1946." Under this legislation it is the duty of E. G. Nourse, Leon Keyserling and John D. Clark, the economic advisers to the President, to prepare him and Congress for things to come. If these gentlemen have courage and vision they can be infinitely more important in 1948 and 1949 than the trust-busters, for the welfare of the US and the world. They must begin to plan as well as to report.

Take steel, for example. We all know there has been a horrible black market in steel and many little manufacturers have had to pay several times the going rate in order to get delivery. This was because of the tremendous scarcity in steel, which still continues.

Fortunately, not all the companies are reactionary. Some are interested in new methods, such as the oxygen process, which would increase the output from the present capacity. Why shouldn't the President's economic advisers dig into every possible bottleneck and plan resolutely for a continually expanding America, using the progressive elements among businessmen as well as the competent technicians found in the different departments of government? The Economic Advisory Council should be a perpetual catalyzer for the purpose of preventing unemployment, by methods that create abundance and lower prices.

The Economic Advisory Council can be creative whereas the Department of Justice tends to be punitive. If the Department of Justice wants to dig deeply it also can be creative. In that case it must work hand in glove with a reanimated Council that is willing to plan vigorously for an expanding economy.

The economic situation during the 10 years following a great war is as dangerous as the military situation during a great war. Nourse, Keyserling and Clark must now approach their duties in this spirit. So also must the Anti-Trust Division of the Department of Justice.

One of the all-important monopolies is the investment or money monopoly but the valuable approach is putting the vast saving pools of the country to work by encouraging wise investment. A high rate of investment must be maintained. Investigation may have a stimulating effect, but in the long run the useful approach is not in showing to what extent we are all controlled by the money trusts. Rather, the solution is one of encouragement, education, pressure and whatever else may be necessary to keep our economy producing peacetime goods at top speed.

It should be made perfectly clear to the controlling managements in steel, coal, rails, public utilities and the investment banks and insurance companies that in the future monopoly is going to be studied from a very fundamental point of view, and that government ownership is in the offing unless these basic business concerns are willing to go all out and plan for full production, full employment and low prices.

Personally I hope these larger businessmen will begin to show more capacity to plan for the general welfare. They know how to plan with great skill for their own businesses. All they need to do is to lift their eyes a little higher and be satisfied with somewhat smaller profits at the moment but certainly greater profits in the long run.

I DO NOT look on the trust-busters and the planners as natural-born enemies. We need both, to make our democracy work in the perilous 10 years ahead. I hope they learn to work together, and that in so far as is legally possible, both will use every resource to provide full employment, maximum production, lower prices and a maximum investment every year of savings in those fields which breed activity and provide homes, schoolhouses, hospitals, roads and parks for the people.

H. W.

Bettmann Archive

1881— Uncle Sam: "That's the way to crush him. And if you fail, I'll see what I can do."

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We Can Curb Monopoly

by Michael Straight

We need an integrated program for a better America. That means organizing our inheritance in the New Deal and moving ahead.

The New Deal attacked specific abuses in capitalism; it alleviated unemployment and insecurity. Our program is to win continuing full employment by ensuring that private enterprise will produce to the limit of its capacity and that government will add the investment necessary for full production.

One of a number of unrelated programs of the New Deal was to attack the abuses of monopoly in holding prices up, preventing industrial progress, crushing small business and conspiring with our enemies. Those purposes are still valid. But monopoly is also a means of preventing private industry from producing to the limit of its capacity. For us, breaking up or controlling monopoly is one part of an over-all full-employment program.

In a nation in which small independent businessmen battled against giant trusts, the Sherman Anti-Trust Act was passed, making combinations in restraint of trade illegal. Some firms evaded it by corporate mergers. Others consciously violated it, setting aside each year sums to fight anti-trust suits in the knowledge that the punishment for violation was a fraction of the profits to be gained. The movement towards greater concentration of power has continued undisturbed. In another two years, 70 percent of our corporate wealth will be controlled by 200 corporations, richer than some states which chartered them, really responsible to no public authority, yet shaping an America in which many millions of us may be out of jobs.

If present methods alone are followed, we shall learn, in five years, from the Federal Trade Commission, that decisions made this year by the steel corporations were largely responsible for the depression that is coming. We must act now to prevent that depression.

We need to enforce competition. Basically this means fully using the powers that the government already possesses. It means enforcing the Federal Trade Act which declares that the FTC shall keep the public informed about costs, prices and profits. It means that real anti-trust prosecutions should be started, instead of the mock battles planned today. It requires that the Anti-Trust Division (400 strong as against the 30,000 needed to enforce the OPA) be taken seriously.

Enforcing competition also means that the War Assets Administration should discriminate in favor of independent producers instead of established monopolies. And it means that the RFC, instead of feeding funds to giant corporations and starving their small competitors, should help independents like Henry Kaiser who want all-out production.

But anti-trust action alone cannot lower prices, protect independents, or get production today. Monopoly is no longer necessary in order to fix prices, restrict capacity and crush small enterprise. Industry has found new techniques, and technology requires large-scale non-competitive enterprise today.

We need to regulate monopolistic industries. The proposal to make great corporations responsible to the people by requiring federal charters is as old as the anti-trust laws. The Temporary National Economic Committee renewed the recommendation. It is contained today in Senator O'Mahoney's bill to create a commission which, through certificates, will hold corporations to procedures established by government. This replaces the weak, semi-judicial pattern of the ICC with the effective pattern established by the Federal Communications Commission. But to be effective, it needs effective men. The Maritime Commission and the ICC are two examples of commissions run by the industries they were created to regulate.

We need the yardstick of government enterprise. Neither trust-busting, nor regulation, can compel plant expansion. Commonwealth and Southern had the resources, the managerial capacity and the assured markets necessary to bring electricity to the Tennessee Valley. It refused, and the TVA did the job. Great corporations in vital industries refused to build new plants in wartime. The plants were financed, built and owned by the government through the Defense Plant Corporation. If we are committed to full employment and world reconstruction, we are committed, at least in basic industries, to guarantee the capacity needed for full production. This capacity may be owned by the government and operated by independent producers, or it may be owned and operated by decentralized public authorities in accordance with production goals established by a full-employment plan.

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Who Says We Can't Have Steel?

by Gunther Stein

The big steel-men, seeing eye-to-eye with Karl Marx, are betting on a depression and therefore curtailing production

". . . Our present productive capacity would seem to be ample for our future needs for many years to come."—*Wilfred Sykes, president of the Inland Steel Company, in an address delivered at the general meeting of the American Iron and Steel Institute, May 21, 1947.*

"The General Motors Corporation disclosed today that production at its huge Chevrolet and Pontiac divisions, accounting for virtually one-third of the national output of automobiles, would be halted for indeterminate periods between August 23 and September 7. About 65,000 workers will be affected directly by the cutback in production, attributed by C. E. Wilson, president of the company, to 'a critical shortage of steel, particularly flat-rolled steel'."—*Detroit dispatch to the New York* Times, *August 21, 1947.*

AMERICA, for all her productive wealth, can't get enough steel to meet her immediate needs. There isn't enough steel to make the automobile or refrigerator or water pipes or wire fence you have on order. Why not? What's holding it up?

The answer is that America's steel masters themselves are holding it up.

When the Federal Trade Commission in mid-August accused the domestic steel industry of conspiring to fix prices and restrain competition, it put its finger on the number-one bottleneck of the American economy: the basic raw material on which our expansion depends. But the flow of this raw material is controlled by a very few men who have one philosophy; and that philosophy is one of doubt and fear.

The steelmen seem to doubt the future and to fear an oncoming depression. Through 1950 and 1960 and even until 1975, said president Wilfred Sykes of Inland Steel last spring, Americans should need a maximum of only 1,000 pounds of steel per head per year in "peak" periods—which is no more than they consumed in 1929. For "normal" periods, according to spokesman Sykes, 700 pounds per head per year (or seven percent less than Americans used in 1920) "would be an optimistic assumption." So—no expansion of steel capacity is needed.

"In other words, you think we will again have a very serious drop in production?" Sykes was asked.

"I don't know how serious," he replied. "We have always had our ups and downs and I don't think there is any reason to assume we won't have it in the future."

There are two leading schools of pessimistic economic thought in America today, and their headquarters are just a mile apart in crowded Manhattan. In a small, shabby office building on East Thirteenth Street, somber Communists bend over textbooks and statistics, grimly tracing the course of the capitalist economy to another of its inevitable crises. Twenty blocks north, in a plush office on the thirty-third floor of the Empire State Building, the ranking members of the American Iron and Steel Institute are engrossed in drawing up their own melancholy blueprints of the future.

The men at Communist Party headquarters, with little influence on current events, are merely waiting for the next depression. But their fellow-pessimists high up in the Empire State Building, in setting their production sights on the next depression, are actually shaping America's and mankind's economic destiny in the image of the Marxist theory of inevitable crisis. For as steel goes—as the powerfully unified steel industry makes civilization's basic raw material become either plentiful or scarce—the nation must go, and with it the rest of the world.

Mindful of the losses they incurred back in the 1930's when their plants were running nowhere near capacity, America's steelmen appear to have decided to make steel scarce—not only today, but for decades to come. By pegging the nation's steel-production capacity at its present figure and prescribing a starvation diet for the American steel consumer, the industry hopes to continue operating at today's highly profitable rate of more than 93-percent capacity.

Cows, oil and houses

LET'S see what happens to the rest of us when steel is scarce.

Are meat prices rising? Scarce steel is one of the reasons. "Farmers are curtailing their herds," reported a Midwestern supplier of equipment for wells. "One has 10 of his 32 windmill wells out of commission, due to lack of pipe. He is curtailing

Gunther Stein, a journalist for 20 years, has written on aspects of economic life in Europe, Asia and America. He is the author of Challenge of Red China.

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his herds 30 percent. A lot of wells out there are giving out due to deterioration. . . . They couldn't improve them as they should, during the drought. . . . Nothing was available during the war. . . . Letters this spring told of cattle actually dying for lack of wells . . . the situation is desperate." And the lack of baling wire this year, another witness told a congressional committee, would mean "a loss of at least $100 million worth of hay at a price of $20 a ton."

Are people faced with the prospect of shivering this winter for lack of fuel oil? Again, steel is one of the reasons: "Drilling activity is directly affected and restricted because of absence of steel."

Is the housing program stalled, and is labor to blame for it? "Assuming labor had not made all the demands it did," said the representative of makers of window frames, sashes, elevator doors, etc., who have all the housing jobs in New York, "we would have been in an awful spot because we would have had a bottleneck. . . . When priorities were taken off, we were advised that mills had an unwritten understanding as to future allocations. . . . But receipts of steel dropped 50 percent. . . . Promises for the third quarter are practically nil."

Are layoffs increasing? "Of course, a recession may be caused by long work stoppages . . . such as that of General Motors which had to lay off 180,000, as the press reported, because of failure to secure steel," said Senator Edward Martin (R, Pa.), before whose steel subcommittee this and similar testimony was given.

Economic strait-jacket

BUT while the public as a whole is hard hit by the shortage of steel, the thousands of manufacturers who use steel are hit even harder. At the little publicized hearings of Senator Martin's subcommittee this summer, witness after witness appeared to unfold the story of the strait-jacket which big steelmakers have clapped upon the American economy.

The first fact brought out by the investigation was the existence of an almost incredible climate of fear in a large sector of the American business world. From behind the steel curtain came delegates of frightened men—the underprivileged, the kulaks among America's industrialists, solid manufacturers who may cut fine figures at their country clubs and chambers of commerce but who live fearfully at the mercy of the 18 big steelmakers on whom these 33,600 independent processors depend for their raw material.

"You see, the stampers and other small buyers are really scared, sir, to talk out loud," said the president of the Pressed Metal Institute, an association of steel-using manufacturers. "They are afraid that whatever little is left [of the flow of steel deliveries] may be cut off because they had the temerity to speak out of turn. I know of my own knowledge that Jones and Laughlin [the nation's fourth-ranking steel giant], when this campaign of ours was getting under way, sent word to a former customer of theirs that they wanted this campaign stopped, period. Bethlehem, too, had intimated that they would like it stopped.

"At 11 o'clock today, one hundred stampers will stand in solemn prayer, sir, that you may have the wisdom to find the answer for them. All over the United States they are looking toward Washington for help."

Next came an industrialist—the president of the Nichols Wire and Steel Company of Davenport, Iowa—who was free to speak, since he was one of the fortunate few who had been able to switch over from steel to aluminum. "Your committee is well aware of the fear which makes evidence hard to get," he said. "Many small businessmen are unwilling to talk because, if they should, they fear that such steel as they are now able to secure through the black market or from their mill suppliers will be shut off altogether, forcing them out of business. . . . It has been suggested in the business," he continued, "to raise a fund . . . to be used to publicize the evils that cause the steel shortage and the black market. . . . It is deplorable that a situation warranting such apprehension can exist in America."

Some of the hapless kulaks of American industry came forward in person. "We cannot use more than 50 percent of our capacity . . . we are employing only 500 instead of 750 workers," said one who had just spent three full days getting 50 tons of black-market steel at three times the companies' list prices. "If we continue to have to pay these high prices," he said, "we will have to close."

And another: "We certainly would employ our capacity if we were sure of getting raw material . . . and employ more people. . . . As it is, we have to retrench." And yet another: "Our prewar purchases were 3,000 tons. Recently, our 751-ton allotment was cut by the mill to 50 tons."

Proxies and scrap

AND this is what a $5-million-a-year Buffalo manufacturer of electric heaters and lighting fixtures told the Senate subcommittee about his desperate attempts to get 400 tons from the Bethlehem Steel Corporation. "I happen to be a stockholder of Bethlehem," he said, ". . . there was a request for proxies, some question as to certain desires on the part of management. . . . I told them I would send in my proxy. . . . Their salesman also mentioned their lack of scrap. I said I would divert scrap to him." The manufacturer sent in both his proxy and 700 tons of scrap, taking a loss of several dollars a ton on it. "You may be sure we will continue a loyal customer," he pledged in his letter to Bethlehem's management, "and we hope you can make some shipment quickly as we have been forced to lay off more than 200 employees." The cool reply was, "We could not consider 400 tons, but entered 75 tons on the books."

"I have no way of knowing what the steel companies are doing, how they are allocating," the Buffalo industrialist shrugged. Then, hesitating almost sheepishly for a moment, he made a confession to the subcommittee. "I can't deny that our requirements *are* higher than before the war. . . ."

He must have known how the steel masters feel about such men as he. Sykes of the Inland Steel Company, the planned-scarcity spokesman of the industry, had made it clear enough with a dramatic thrust at expansionists

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who upset economic harmony. "It came to my attention," Sykes indignantly told the subcommittee, "that a manufacturer who normally would use 10,000 to 12,000 tons of steel a year and who during the war worked up to using 30,000 to 40,000 tons . . . had the idea that he was going to continue pretty well along the war tempo. I think he is foolish."

"But in America, where we have free enterprise," Senator Martin broke in—"the free-enterprise system," he corrected himself—"hasn't a man a right to his judgment?"

"If he can get it," Sykes conceded, evidently referring to steel. "I suppose he has if he can get it."

A gray underworld

THE difficulties of "getting it" carried the Senate hearings into the underworld of steel, called, in the trade, the "gray market." This is the market in which a manufacturer has to trade when he cannot get above-board allocations of steel from the mills. There, through halfway-illicit deals, he may find himself paying three or more times the list price for the steel he desperately needs. The *Iron Age* magazine has estimated that if $200 a ton is the average premium price paid on the gray market, "buyers forced into the market are out a conservative quarter-billion [dollars] above going prices—a large amount of steel and a lot of money."

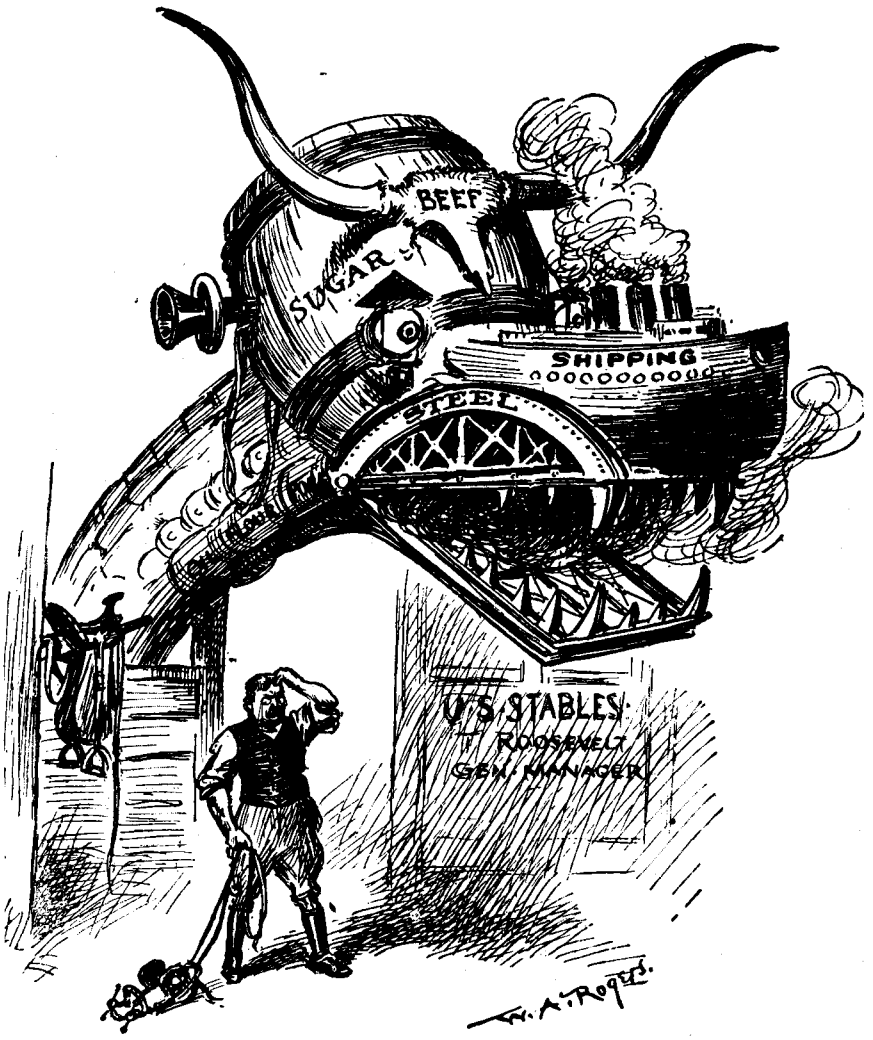
But such difficulties, which seem so much a part of the natural order to spokesman Sykes, are only the symptoms of an underlying tension. The summer hearings soon hit upon a specific cause closely related to the steelmakers' philosophy of scarcity. It is "integration"—the relentless process by which Big Steel reaches deeper and deeper into the fabricating and manufacturing ends of the industry. Through the technique of integration, the giant steelmakers become increasingly the competing producers of those same end products for which they deny their old, established manufacturing clients the necessary steel.

Again its was Frank Nichols of Iowa who put his finger on it. "The steel mills want to make into finished products all the semi-finished steel they possibly can. A number of them have enlarged their capacity for finished products, thereby using their own supplies. Therefore, non-integrated producers are unable in a number of cases to get from their customary source what they used to. . . . For, naturally, [the big concerns] favor their own subsidiaries on tonnage quotas."

"Just one glaring example," testified well known Colonel Willard F. Rockwell of the manufacturing company in Pittsburgh that bears his name, "is the case of a steel company which had furnished hot-rolled plates to one of our plants for nearly half a century. . . . We were suddenly notified that they would not take care of any more orders. . . . A vice-president wrote . . . that this steel company now required considerably more of its own steel for its own barrel factory and other products. . . . It is obvious that, if the steel companies continue to enter into competition with their customers in fabricating . . . we shall soon be competing with vertical trusts of the type which existed in Germany."

Colonel Rockwell was merely filling in a picture whose outlines had been sketched by old Andrew Carnegie almost 50 years ago. "We have been erecting several new departments," Carnegie told an English reporter who interviewed him in 1899, "including what I believe will be the largest axle factory in the world. Why, it may be asked, should steelmakers make plates for other firms to work up into boilers, when they can manufacture the boilers themselves? Or plates for pipes when they can make the pipes? I think the

(Continued on page 22)



1902—The earlier President Roosevelt: "It looks like we'll have to get a new and much stronger bridle."

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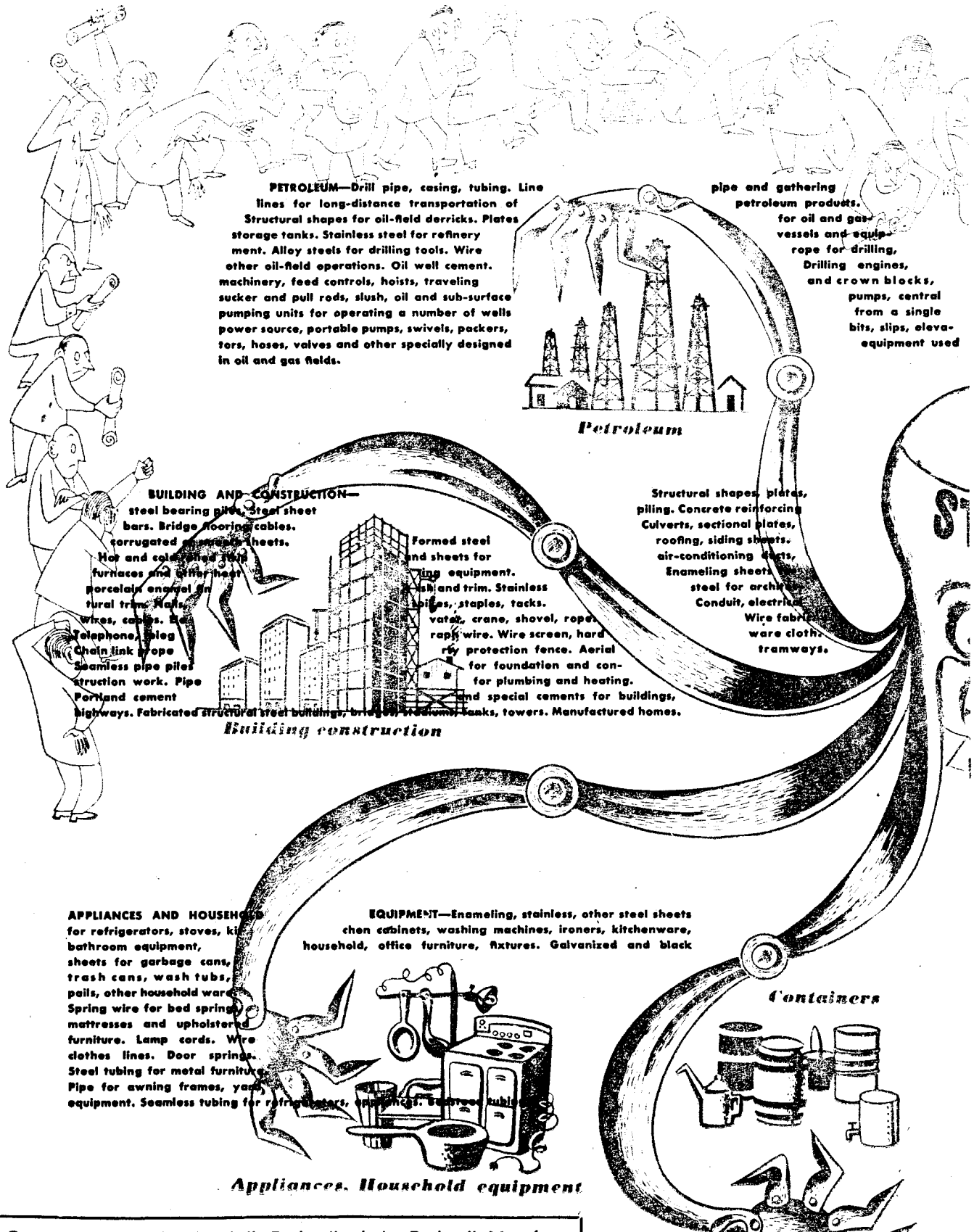
PETROLEUM—Drill pipe, casing, tubing. Line pipe and gathering lines for long-distance transportation of petroleum products. Structural shapes for oil-field derricks. Plates for oil and gas storage tanks. Stainless steel for refinery vessels and equipment. Alloy steels for drilling tools. Wire rope for drilling, other oil-field operations. Oil well cement. Drilling engines, machinery, feed controls, hoists, traveling and crown blocks, sucker and pull rods, slush, oil and sub-surface pumps, central pumping units for operating a number of wells from a single power source, portable pumps, swivels, packers, bits, slips, elevators, hoses, valves and other specially designed equipment used in oil and gas fields.
Petroleum
BUILDING AND CONSTRUCTION—Structural shapes, plates, steel bearing piles. Steel sheet piling. Concrete reinforcing bars. Bridge flooring, cables. Culverts, sectional plates, corrugated galvanized sheets. roofing, siding sheets. Hot and cold rolled strip air-conditioning ducts, furnaces and other heat Enameling sheets, porcelain enamel for steel for architectural trim. Nails, Conduit, electrical wires, cables. Barbed, Wire fabric, telephone, telegraph, ware cloth. Chain link fence. Rope tramways. Seamless pipe piles. Formed steel and sheets for struction work. Pipe ing equipment. Portland cement ish and trim. Stainless highways. Fabricated structural steel buildings, bridges, staples, tacks. vator, crane, shovel, rope, rapid wire. Wire screen, hard ry protection fence. Aerial for foundation and con- for plumbing and heating. and special cements for buildings, tanks, towers. Manufactured homes.
Building construction
APPLIANCES AND HOUSEHOLD—Enameling, stainless, other steel sheets for refrigerators, stoves, kitchen cabinets, washing machines, ironers, kitchenware, bathroom equipment, household, office furniture, fixtures. Galvanized and black sheets for garbage cans, trash cans, wash tubs, pails, other household ware. Spring wire for bed springs, mattresses and upholstered furniture. Lamp cords. Wire clothes lines. Door springs. Steel tubing for metal furniture. Pipe for awning frames, yard equipment. Seamless tubing for refrigerators, appliances. Stainless tubing
Appliances, Household equipment
Containers
CONTAINERS—Tin, terne and black plate for cans, caps, closures. Sheets for shipping pails, steel barrels, drums. Slack and tight barrel hoops. Steel drums containers, cylinders, shipping containers.

1947— Colonel Willard F. Rockwell of the Rockwell Manufacturing Company, Pittsburgh (referring to the manufacture of finished products by steelmakers): "It is obvious that, if the steel companies continue to enter into competition with their customers in fabricating . . . we shall soon be competing with vertical trusts of the type that existed in Germany."

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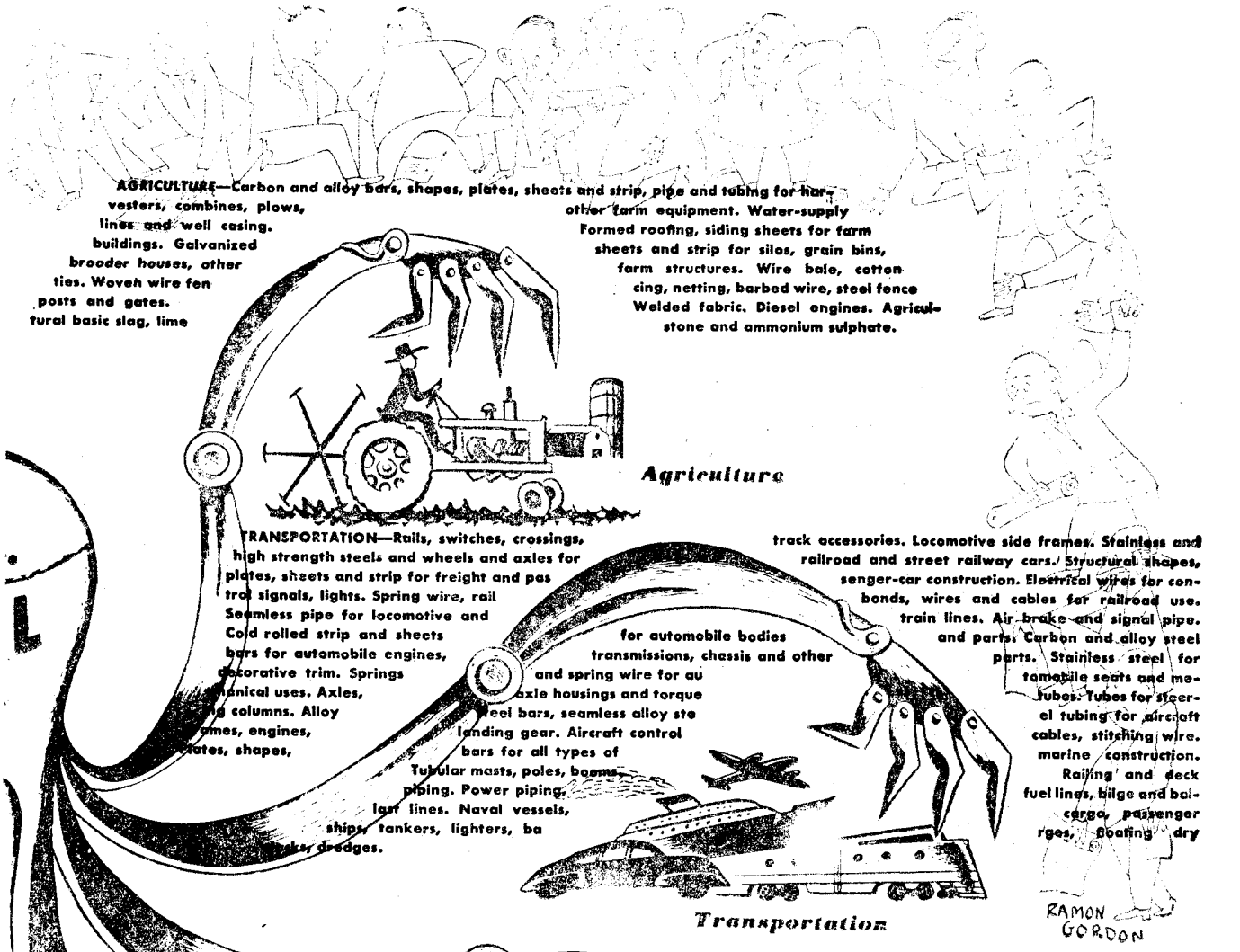
AGRICULTURE—Carbon and alloy bars, shapes, plates, sheets and strip, pipe and tubing for har-
vesters, combines, plows,
other farm equipment. Water-supply
lines and well casing.
Formed roofing, siding sheets for farm
buildings. Galvanized
sheets and strip for silos, grain bins,
brooder houses, other
farm structures. Wire bale, cotton
ties. Woven wire fen
cing, netting, barbed wire, steel fence
posts and gates.
Welded fabric. Diesel engines. Agricul-
tural basic slag, lime
stone and ammonium sulphate.
Agriculture
TRANSPORTATION—Rails, switches, crossings,
track accessories. Locomotive side frames. Stainless and
high strength steels and wheels and axles for
railroad and street railway cars. Structural shapes,
plates, sheets and strip for freight and pas
senger-car construction. Electrical wires for con-
trol signals, lights. Spring wire, rail
bonds, wires and cables for railroad use.
Seamless pipe for locomotive and
train lines. Air brake and signal pipe.
Cold rolled strip and sheets
and parts. Carbon and alloy steel
bars for automobile engines,
parts. Stainless steel for
decorative trim. Springs
for automobile bodies
automobile seats and me-
chanical uses. Axles,
transmissions, chassis and other
tubes. Tubes for steer-
g columns. Alloy
and spring wire for au
el tubing for aircraft
mes, engines,
axle housings and torque
cables, stitching wire.
tes, shapes,
eel bars, seamless alloy ste
marine construction.
Railing and deck
landing gear. Aircraft control
fuel lines, bilge and bal-
bars for all types of
cargo, passenger
Tubular masts, poles, booms,
rges, floating dry
piping. Power piping,
ks, dredges.
last lines. Naval vessels,
ships, tankers, lighters, ba
Transportation
RAMON GORDON
MACHINERY AND INDUSTRIAL USES—Bars, shapes, plates,
sheets and strip for electrical and other ma-
chinery. Plates for boilers, pressure vessels. Special alloy steels
for machine tools, related industrial
equipment. Stainless steel for food processing, chemical, paper and
textile equipment. Electrical wires and ca-
bles for motors and turbines. Wire rope for cranes, hoists. Welded mesh
for machine guards. Welding and strap-
ping wire. Chain link conveyor belting. Book binding and stitching wire.
Mechanical tubing for machinery, tool parts
and equipment. Superheater tubes, boil-
er tubes, condenser, heat-exchanger
tubes. Still tubes and high pressure
piping. Commercial forgings. Electric
furnaces. Coal chemicals for plastics,
solvents, synthetic rubber and other
chemical industry uses.
Mining, Quarrying
Machinery-Industrial
MINING AND QUARRYING—Plates, shapes, bars, sheets for mine tipples, hoists,
fan houses. Steel timbers and jacks for mine roof supports. Light rails, steel ties,
track accessories. Mine cars. Plate linings, grinding balls for ball and tube mills.
Wire rope and cable for hoisting and other mine and quarry uses. Heavy duty
electrical wires, cables for trolley wires. Pipe for pump and drain lines, pro-
cessing and water supply.

EDITOR'S NOTE: All items mentioned above, and many more, appear on a "Partial List" of United States Steel products that was included in the company's (confidential) 1946 annual report.

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(Continued from page 19)
next step to be taken by the steelmakers will be to furnish finished articles ready for use. In the future the most successful firms will be those that go the farthest in this direction."

Carnegie's United States Steel Company, with one-third of American capacity, has already gone far in the direction prophesied by its founder. (For the range of its present products, see pages 20-21.) And looking at process of integration in the steel industry as a whole, the annual review issue of the *Iron Age* (January 3, 1946) summed up: "For years, larger steel companies have sold huge quantities of semi-finished steel to non-integrated firms only to face competition from those companies in the sale of finished steel products. . . . Now, there is a marked disposition to slash drastically the tonnage of semi-finished steel being shipped to the small non-integrated makers. . . . The going may be so rough as to cause fatalities. . . ."

And in July, John Blair of the Federal Trade Commission brought the story up to date when he told the Senate subcommittee that "The United States Steel Company, with a net working capital of $629 million could, if it wanted, purchase the net worth of all corporations in the steel-products-industry group." Mergers and acquisitions were at a new high in the United States, Blair warned. The summary figures for mergers in all industries during the first quarter of 1947 "were above those of any first quarter since 1931."

Philosophic zeal

WITH the process of integration now going ahead at high speed, maldistribution of steel and its diversion to the giant affiliates of the ruling steel mills are the inevitable consequences. But this of itself only partially explains the shortages. The real issue is the steel industry's underlying disbelief in an expanding economy, and its apparent zeal to impose a philosophy of scarcity on American industrial life.

This point of view was clearly stated at the Senate subcommittee hearings by Walter S. Tower, president of the American Iron and Steel Institute. "Among some 230 reporting companies [in durable-goods industries]," he said, "more than half doubled their prewar capacities and more than one-quarter have expanded threefold. . . . It is difficult to believe that the general long-run economy of this country has changed to that extent in the space of six or seven years."

How much steel, then, would the "long-run economy" of the country require? As already pointed out, Inland Steel's Wilfred Sykes suggested for "normal" periods a figure seven percent *lower* than the 1920 output. "It's just like going to a restaurant," Sykes explained. "If everybody wants to eat at 12:30, somebody has to wait. Normally we'll have ample capacity, I think."

He heard it before

BUT against the pessimistic philosophy of the steelmen stands the evidence of America's real needs. Dr. Louis H. Bean of the Department of Agriculture, the dean of American steel experts, frankly approaches the problem from the point of view of full employment. "By 1900," he said this summer, "steel . . . production was equivalent to about one-half ton per person employed [in the entire economy]. By 1912-13, steel production was equal to nearly one ton per job. By 1929 it rose to 1.35, and by 1941 to 1.7 tons a job. If we take this rising trend in steel production per job opportunity in prosperity years at 1.8 tons for the years 1947-50, a total employment in civilian jobs of 58 million would require over 100 million tons of steel, compared with the annual rate of output of 85 million tons during the first part of 1947. . . . For 1950, if we are to have full employment, we would . . . need around 1,400 pounds per person. With a total population in that year of 148 millions, total production would need to be 100 million tons, or more."

You can hear steel's easy objection: we have full employment right now—at the rate of only 85 million tons of steel a year. Dr. Bean has heard that before. "One answer is," he says, "that the present volume of production is below the current demand . . . that the present shortage of steel . . . has a retarding effect on the total national production. During the last part of 1946, and the first half of 1947 . . . output . . . per man-hour appears to have been at least 15 percent below normal. . . . If [these deficits were to be] made up, it would increase steel consumption. . . . The total steel required would exceed present capacity. . . ."

Dr. Bean's conclusions have been supported by other government sources. Ewan Clague of the Department of Labor estimates that in 1950 we will need somewhere between 98 and 120 million tons, depending on the rate of consumption and capital investment in that year. The Department of Commerce estimates steel needs by 1950 at 99 million tons in the event that no more than five percent of the nation's workers are unemployed, and at 86 million tons if unemployment reaches 15 percent. Federal Reserve Board experts agree that our present steel capacity is too low for the future, whatever standards you use.

Non-government authorities have also emphasized the need for more steel. Harvard's authoritative Professor Sumner H. Slichter recently warned in the New York *Times* that "the United States is grievously short of plants and equipment," possessing less in this respect per worker than back in 1929. He argued that we need at least $40 billion worth of additional capital investment—and "probably much more"—in order to allow for balanced progress and continued full employment.

Half an equivalent

WALTER REUTHER of the United Auto Workers, meanwhile, gauges the future in terms of the automobile speedometer. "If America can afford to produce the 7.1 million vehicles it will need in 1950," he told Senator Martin's subcommittee, "the total steel supply required for the entire economy will be 110 million tons; if business is such that only 6.1 million can be produced, total steel needs still will be 94 million tons."

Added to the urgency of the domestic need for steel is a worldwide shortage that can be met only by the United States, and toward which the steelmen seem equally indifferent.

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The foreign demand for American steel has been estimated at 13 million tons, a figure that must be added to the present 15-million-ton domestic shortage. Yet spokesman Sykes testified this summer that the industry's "assumed foreign demand" for the years through 1955 is only "the equivalent of six million tons of ingot" —an estimate that amounts to less than one-half of the world's present currency-restricted demand for American steel.

Nor did Sykes seem to believe the Marshall promise would develop into a Marshall Plan when he said, "it is not likely that we will be exporting any large quantities of steel to Europe unless we adopt a policy of giving away our resources."

While talking their language of limitation, the steel masters say little about their true profits and prices at the present time. What are steel's "real" profits beyond the $198,918,000 shown by 32 companies for the first half of 1947—as compared with $168,696,000 and $77,599,000 for the preceding semesters? And are steel prices really lagging halfway behind the rate at which average price levels had risen since before the war, as the industry proudly claims?

F. Opper, in the New York Journal

1904—Mark Hanna to President McKinley: "Papa doesn't kill them—he just skins 'em alive and leaves them alone till they grow more skins."

Collusion or conspiracy?

NOBODY can answer the questions unless special government investigators once more are assigned to study steel, as those of the Temporary National Economic Committee were in 1939. Then, during a period of intense competition, they found the average of actual "net-mill" prices received by steelmakers to be considerably lower than the published list prices; large buyers got discounts up to 50 percent. If you took those real 1939 prices as a basis for measuring the rise through today, wouldn't steel prices prove to have climbed at least as much as the general price level?

"We have no measure to judge by how much real prices have risen," a union economist declared to this writer, "but it is quite clear that the imposition of new extras and the present noncompetitive condition, which permits the charging of extras on all types of orders, result in a much greater realized revenue than is reflected in the Bureau of Labor Statistics' wholesale-price index."

On top of this comes the accusation that the industry has entered into collusive arrangements to fix or jack up prices still further. On September 19, steelmakers will have to start defending themselves against a charge by the Federal Trade Commission that they have conspired to crush competition through illegal price-fixing. During the same week, they will have to stand once more before the steel subcommittee of the Senate Small Business Committee to answer the charges of small manufacturers and government economists that the steel shortage of today and the scarcity Big Steel plans for the future are threatening small business firms with bankruptcy, stifling industrial expansion and making mass unemployment and depression a virtual certainty within a few years. But both these stages may prove too narrow to present that full-dress steel investigation which the small industrialists of the country, the unions and many in the Administration want to see—"the greatest steel investigation ever," as Henry Kaiser put it.

Meanwhile, the small committee room at the Senate Office Building still echoes with the statement that was made there by ex-steel-user Nichols, a staunch capitalist: "I feel stockholders, banks, insurance companies, universities, trusts and individuals should be warned that if the present abuses continue, the consequences will be . . . government control of the steel industry," he said. He insisted that he "dreaded the potentiality" of government control, but reminded the committee of the words of Fowler Hamilton, former special assistant to the Attorney General: "Private property only passes into public hands when it fails to serve the public interest."

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An Exclusive Interview with Robert R. Young

by David A. Munro

ON September 15, Robert Ralph Young, stockbroker turned railroad man, will ask the Interstate Commerce Commission for the right to boss the New York Central—second biggest rail system in the USA and most Morgan of all the House of Morgan railroads. Chairman of the board of the Chesapeake and Ohio, and the author of its series of name-calling advertisements, Young is the Wall Streeter who has venomously turned against the "dambankers"—all one word in his Texas vocabulary.

Young got into railroading in 1937 when he bought the broken-down Van Sweringen rail empire at a bargain. He began buying into the Central less than a year ago and is already its largest single stockholder. But from the start the ICC would not let him vote his stock. The ICC named the Chase National Bank of New York as trustee for Young's stock, pending hearings on the monopoly aspects of his acquiring the road. The ICC thus affirmed its historic stand against one ownership for the Central and the parallel Nickel Plate, one of the roads Young acquired from the Van Sweringens.

In preparation for the hearings, Young has recently divested himself of control of the Nickel Plate by distributing its stock. But the ICC is proceeding with its hearings nonetheless. It will determine whether Young shall be allowed to vote his own stock and, with President Robert J. Bowman of the C&O, to take two offered seats on the Central's board of directors.

David A. Munro, author of "Civil War Splits America's Railroad Empire" (the New Republic, *January 20, 1947), has also contributed to* Business Week, *the* New Yorker *and* Pageant. *He is now working on a book on the history and personalities of American railroads.*

Clearly more is involved here than the competition of the Central and the Nickel Plate. The solid citadel of the ICC itself is being stormed. Young has been pitted against the ICC—he calls it a "tool of the bankers"—ever since he pushed into the railroad field. Those ranged against Young in a series of Homeric fights for control of railroad properties include J. P. Morgan and Company; Kuhn, Loeb and Company and the Mellons of Pittsburgh. Young lost the Erie Railroad in one of these engagements. He has nearly lost the Missouri Pacific. He lost his bid to control the Pullman sleeping car business

But where it counted, he won. He made his C&O one of the most prosperous railroads in America—hiring while others fired, paying extra dividends while the so-called biggies skipped their payments. He won the fight for competitive bidding on securities—assuring the railroad of "cheap money" and freeing them from bankers who had always leeched them white. But most of all he won the public. Everybody knows that the newcomer in the C&O has been stirring up the sleepy bureaucracies of the great carriers.

YOUNG remains a fighter. On the Monday morning when he appears before the ICC to tell them of his plans for the Central, he will challenge the same antagonists for another and bigger prize—perhaps the biggest of all. In an exclusive interview, I asked, and Young candidly answered, many of the questions that undoubtedly will be thrown at him by the ICC. Highlights of the interview follow:

Q. *If you and Bob Bowman are permitted by the ICC to sit on the board of the Central, does that mean you will get control of the railroad?*

A. Yes. We, together with the other stockholders, will have control, as opposed to the banker control which presently exists.

Q. *I understand that Bowman originally urged the purchase of the Central for reasons of protecting the C&O. What are his reasons?*

A. The primary purpose is to give us an assured outlet for our coal traffic. The Pennsylvania Railroad dominates the Norfolk and Western, which originates two-thirds as much coal as the C&O. Their coal travels from the pits to the New York market under one management. But we need the Central to assure the delivery of our coal to the New York area and to speed the interchange of cars. And the Central needs us because it originates only one-fourth of its coal. This is its inherent weakness.

Q. *What are* your *reasons for wanting the Central?*

A. My own primary reason for deciding to buy into the New York Central is that it will enable us to bring constructive thinking into the railroad industry.

Q. *If you do get control of the Central, when will you reinstate full dividend payments?*

A. As soon as earning power is restored.

Q. *Will you rehire the 7,000 the Central laid off this spring?*

A. We will endeavor to increase the New York Central service as rapidly as possible, as to both freight and passengers—but especially passengers. That would involve hiring additional men. For the new passenger service we will have to buy new equipment, but I think we could do something pretty fast, enabling us to hire without waiting. The answer to the unpaid dividends and the laid-off men is that new service brings new revenue.

Q. *Will you seek to abrogate the restrictions railroads have put on other carriers?*

A. I believe in returning them to complete freedom but I also believe the taxpayer should not subsidize them. The burden should not be on the taxpaying public. This is unfair.

Q. *What I specifically had in mind are the railroad-sponsored, punitive laws, tariff barriers, city ordinances,*

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ICC orders, etc., that hamstring trucking especially.

A. I am against any artificial restraint on competition. The same thing goes for waterways. If the waterways meet the shippers' needs better than the railroads, they should be free of restrain to do so. The interest of the general public is primary, not the interest of the railroads.

Q. *Will your control of the Central end the power of Wall Street over the economy of the country?*

A. I should say it is a very long step in that direction. Also in the direction of breaking the power of the railroad lobby and the banking lobby.

Q. *What does this mean about the possible change in your relationship and the Central's relationship to the Association of American Railroads?*

A. I believe that controlling the Central will give us virtual control of the AAR and the Pullman Company—and if not, certainly a very strong voice in these things. And we would be in a fair way to democratize those big industrial companies which are controlled through the bankers by means of their control over the railroads. They have a strong voice in American Car and Foundry, Baldwin Locomotive, the steel companies and others.

Q. *What are the major reforms the Central needs?*

A. First of all it needs aggressive improvement and expansion of its passenger service. With the new improved lightweight trains, weighing only one-fifth as much in pounds per passenger, the Central can get back some of the business lost to competing forms of transportation. I think we can increase passenger business two or three times its present volume in the next five or six years. There's where we can hire those 7,000 back, and then some.

I also hope to get freight traffic speeded up. Freight cars today are so poorly designed that when they travel at 30 miles per hour they shake merchandise so much that it may be damaged. We need cars of an entirely new design, able to ride smoothly at present passenger-car speeds. By speeding up freight—not coal, but high-grade freight, perishable freight—we could greatly reduce costs and open up new markets. If nearly tree-ripened fruit and fresh-picked vegetables can be delivered in New York in prime condition from Texas and California, prices will be lower, consumption will be increased and the speeding up will reduce everybody's inventory all along the line.

I don't know for sure that the Central has been a party to deliberate slowdown agreements with competing railroads. But surprisingly similar freight and passenger services are offered by the Central and parallel lines. Often two trains go out half empty at the same hour, headed for the same destination. Put them out at different hours and we might have them both going out full.

Q. *Do you expect that most of the people now working for the Central will welcome your assuming control?*

A. I am sure of it. I think that only the board of directors is reactionary. The minute you take the wraps off the operating personnel they tend to become enthusiastic about reforms and progress. We will have to overcome reactionary thinking. We found that even in the C&O a large number of people resisted change. They got that way after working for years under a to-hell-with-them board of directors.

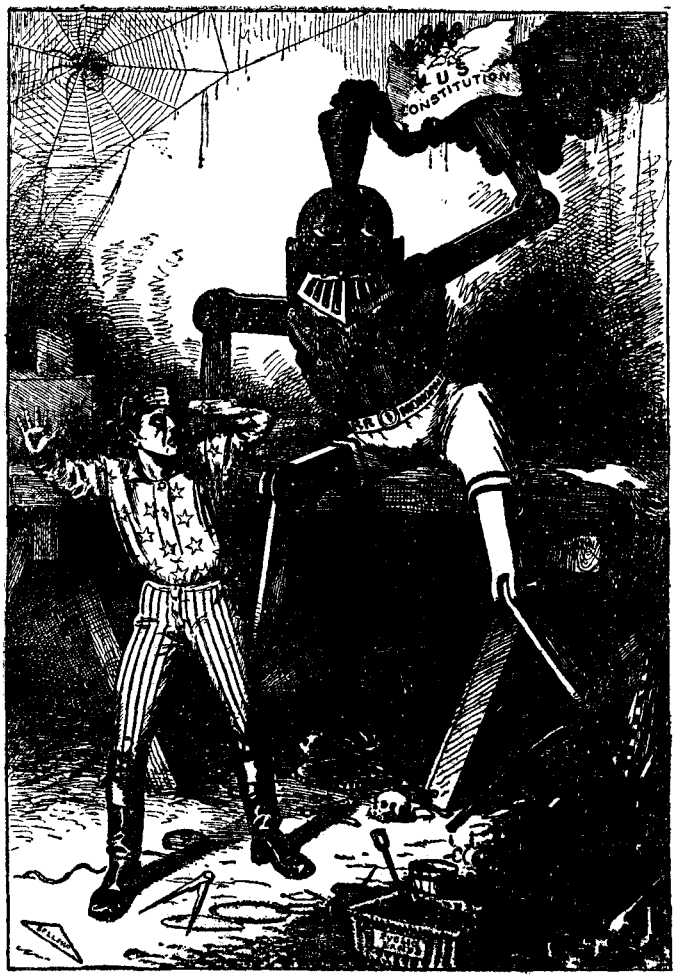
But I am sure the Central, like the C&O, is full of good people. Many of them have sent us letters. They see a great future for their railroad but deplore its present management. One of them wrote: "What we need now is loyal, able, aggressive and confident management. What we have is the opposite. As one who is confident that you can bring such qualities to the management of our railroad, I sincerely hope you will carry through your reported intentions."

Q. *Will you institute through trains from New York City to the Coast?*

A. Yes. We will establish connections immediately with all the Western lines, even to sending the Twentieth-Century Limited to the Coast.

Q. *Will you speed up the time on the run to Chicago?*

A. Yes. With the new lighter equipment on the New York-Chicago run we could probably average 100 miles per hour. That means possibly less than 10 hours. That's the answer to airplane competition. I believe the Pennsylvania can



1873—"When Frankenstein beheld the hideous monster he had created, he started with terror and disgust."

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match this speed with the same kind of equipment, and I hope they will. But these changes cannot be effected until we have this equipment. We will not try to push the present equipment beyond present speeds.

Q. *How soon do you expect a decision from the ICC on your bid for places on the Central's board of directors?*

A. They should have an answer by the first of the year. In fact, we should have had it already, but they are probably trying to figure out some way of doing what the bankers want them to —as they always have.

Q. *Do you know what determined the Virginian railroad to carry on a campaign in the South against your bid for the Central? Did the Mellons have a hand in this?*

A. The Mellons run the Virginian. They were important factors against us in the fight for control of the Pullman Company and also were involved against us in an attempt to stop competitive bidding for securities. They have large holdings in the Pennsylvania and Pullman. Therefore it wasn't surprising that when we fired George Brooke, because of playing with the bankers, he soon bobbed up at a fancy salary as chairman of the board of the Virginian—though he was 65 at the time. He has been organizing chambers of commerce along the lines of the Virginian, trying to make it look as though there was a spontaneous wave of protest against our plans for the Central. It all actually comes out of a New York office under the direction of George Brooke.

At the same time we got rid of Brooke we got rid of John Hollister, Senator Taft's law partner in Cincinnati. But as soon as he went off the C&O board he was named a director of both Standard Brands and the New York Life Insurance Company. Hollister was selected by the Guaranty Trust to run a proxy fight against us. He is now working behind the scenes against us. It was Hollister who went to the ICC and got them to bring proceedings against us for allegedly taking illegal control of the C&O. The banker-controlled ICC almost got our scalp that time.

Books in Review

Party Man

YOU'RE THE BOSS, by Edward J. Flynn (The Viking Press; $3).

HOWEVER strongly one may be against political bosses as a class, or Edward J. Flynn as an influence in the Democratic Party, there seems little doubt that the National Democratic committeeman from New York and Bronx Democratic leader for 25 years is a cut or two above his professional colleagues in either national party. If only for the fact that, instead (like James A. Farley) of calling in a reporter from the Chicago *Tribune* to be a ghost writer, he actually wrote his own autobiography, he is clearly a man of considerable parts. When, in addition to that unusual achievement, he maintains an affectionate loyalty to Franklin D. Roosevelt that includes as least some understanding of his political ideals, is able to write of his trip to Russia with remarkable friendliness, virtually began his career in politics by voting against the hysterical exclusion of Socialist assemblymen from the New York state legislature during the Red scare of 1918, and says with quiet candor that "a political machine is my business," there is reason to have respect for him, however much one may disagree with him about innumerable matters. His memoirs, *You're the Boss,* are neither sensational nor dramatic, but, in a becomingly modest way, they succeed in being at once a manual of practical politics, a defense of the practical politician and an interesting report on the career of a great President as seen from such a vantage point.

INEVITABLY, the report on Roosevelt supplies the book with its chief interest. Although he is an affectionate admirer of FDR as a man, a political leader and a statesman, he is perfectly willing to admit what he regards as flaws in his character. He declared that "the President did not keep his word on many appointments," while granting that it would have been impossible for anyone in his position not to have failed in this respect on various difficult occasions. He did not agree with the President on certain matters of theory and practice, and he writes that "his two greatest weaknesses, in my opinion, were the bitterness which he engendered within himself and the weakness he displayed in his inability to be frank and open in many instances in dealing with people." In his final days, he adds, Roosevelt became short-tempered and difficult. Whatever faults he may have had, however, Flynn believes were unimportant in comparison with his vision, statesmanship, boldness of imagination, belief in democracy and essential human warmth. He is convinced that:

> . . . the fundamental idea in so far as the New Deal was concerned was the President's own. The people who surrounded him at various times during his administration also believed in the New Deal, but he himself evolved the form that the legislation took to carry out his ideas. He believed that the entire world was tending to the Left, and subsequent events proved that he was right. This was a worldwide trend that few people saw as early as he did.

Flynn emphatically saw nothing in

ED FLYNN

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the President's character to support Farley's belated complaint that FDR was a snob. Since Farley was so close to Roosevelt for so many years, Flynn's report on him is of great interest. "Much has been written and said about who nominated Roosevelt in 1932," he says. "The answer is simple: Roosevelt nominated himself." He adds that, when it was decided that someone should travel through the country making contacts with political leaders, Roosevelt wanted him to go, but he declined because he knew he was neither a good mixer nor a hand-shaker and found it difficult to move among strange people. He is not sure whether the suggestion came from him or from Roosevelt, but it was finally decided that Jim Farley was just the man for such a job, which seems to have been where Farley came in.

The ultimate split arrived during 1940, at a time when Farley was "really, although not openly, campaigning for either the presidency or vice-presidency," and FDR said it "was a mistake for Farley to aspire to either of the offices without first creating a background of statesmanship." With this in view, the President had thought the Postmaster General should run for Governor of New York in 1938, so that "when the convention came around in 1940, he would have been in a position to have himself seriously considered." Since Lehman did not want to run for the governorship in 1938, the party was looking for such a candidate, but Farley declined. The relationship between the two men continued to cool, as the President, in view of the perilous international situation, decided to run for a third term, while Farley's ambitions, whetted by his undoubted personal popularity, grew.

As for the much discussed split between Roosevelt and Al Smith, whom FDR had once hailed as "the Happy Warrior," Flynn says that FDR was "foreclosing the hope that he could make further marked improvement in his physical condition" when he left Palm Springs, where he was recuperating, to run for Governor of New York in 1928 to help bolster the

JIM FARLEY

Smith campaign for the presidency. Roosevelt emphasized the Smith candidacy at the expense of his own in upstate New York throughout the campaign. "In fact," he adds, "Roosevelt's emphasis on Smith's candidacy disturbed Louis Howe so much that he warned Roosevelt to remember that he was also a candidate and ought to look more closely to his own interest. This advice Roosevelt ignored." Yet Smith resented it when Roosevelt as Governor declined to act as his regent in Albany, and, although the ex-Governor assured Flynn that he was not a candidate for the Democratic nomination for the presidency in 1932, he was deeply annoyed when the Bronx leader came out for the man he had begun to dislike. Looking at this account of Al Smith's growing bitterness, it is all the more pleasant to turn to Flynn's account of Smith's greatest day, when he refused to run on the same ticket with William Randolph Hearst and drove the publisher into political retirement with his bitter, documented and uncompromising eloquence.

BECAUSE of the fame of Roosevelt as a politician and the attacks on him for being supported by the big-city bosses, it is interesting to have Flynn recall that in 1932 the Roosevelt campaign was managed by comparative political newcomers and amateurs and that, before the nomination, the major political machines were against him. It is less pleasant to note that Huey Long's force and skill were of great help in FDR's nomination. Flynn, as a leader of a particularly successful machine, is not given to captious judgments of his fellow businessmen of politics; and indeed, he has few hard things to say of anyone, save Roy Howard, but he obviously was unhappy about various members of the New Deal, despite his kind words for Henry Wallace. In fact, he goes so far as to speak bitingly of "Corcoran or any of his ilk," and you know how a writer feels about a man when he refers to his "ilk." It is, incidentally, somewhat surprising to find Flynn also writing of the selfishness of the New Dealers, "who had assumed a power in the government, which they did not want to relinquish," since assuming power and holding on to it does seem to have been rather his business, too.

Although his mind and sensibilities are obviously superior to those of his fellow bosses, Flynn is inescapably one of them in much of his outlook. He is coldly realistic in explaining the necessity and value of political organization in our local, state and national life, and, while he is more than a little disingenuous in telling the reader that, as the title says, the citizen is the real boss when he sets about exercising his functions as a citizen, his defense of such organizations makes sense. But when he says that it is "ridiculous" not to belong to either of the major political parties and that the "so-called" independent voter "ought to be condemned as a shirker," he is not only reverting to type but seems to be forgetting certain facts about the various election triumphs of Franklin D. Roosevelt, with which the "so-called independent voter" appears to have had considerable to do. Yet anyone who makes the mistake of thinking of Flynn as an American politician of conventional mind is overlooking the fact that this same man can visit the Soviet Union, recall that it was at the time 27 years old, and write that "if we compared conditions existing in the United States 27 years after the founding of our Republic with conditions as they exist in Russia, it is doubtful that we would conclude that the United States was at that point as advanced as Russia is today." Boss Flynn is a complex and

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interesting man, as well as a skillful political leader.

RICHARD WATTS JR.

Pilgrim to the East

RICHER BY ASIA, by Edmond Taylor (Houghton, Mifflin Company; $3.75).

IN the summer of 1943 Edmond Taylor, then a naval officer, went to India to participate in OSS operations in Asia. India first puzzled, then depressed, then caused him to wonder. In the shimmering summer of heat-drugged Delhi he set off on the winding peregrination of mind which three summers later has been finished and entitled *Richer by Asia.*

In this volume, Taylor has woven together what are essentially two different books. One is a rambling compound of philosophy, introspection and fantasy. The other, and vastly superior book, is the narrative that reports his movement, his work and his visual observation.

The narrative portion of the book is written with graceful, fluent ease. His analysis and appreciation of General Stilwell and Lord Mountbatten, both of whom he guardedly but sincerely admired, are extraordinarily sensitive and perceptive. His description of the inanimate wonder of such Indian antiquities as Fatehpur Sikri, rising red and wondrous above the brown-fringed valley of the Ganges, is travel-writing in the great tradition. His account of his voyage on the moonlit waters off Sagu Island is the stuff of drama.

Such writing as this, however, is reserved for the lesser portion of his book. In Taylor's mind the book is not a record of adventure or war, but of thought and the development of thought as Asia operated on his mind. And Taylor takes himself very seriously. It is as if there were a key on his typewriter marked: "For Serious Thinking Only," which, when struck, pours out latinate verbs and nouns, turgid sentences, thoughts broken by the weight of wording.

Taylor, describing, say, a trip through the Calcutta brothel area, writes a vivid, sparkling English:

> One moment we were on a broad, bustling, modern lighted avenue. The next moment we were twisting through a world of silence and brooding shadow, a nocturnal jungle of tortuous alleys, gaunt, eyeless walls and tile roofs gleaming pallidly from a moon unseen behind a range of high tenements. There were no human sounds, no animal sounds, except the unhealthy scurrying of cats and once a dog pawing at a garbage can. Like a jungle, this city wilderness seemed to be closing behind us as we penetrated deeper into it.

But when he is trying to say, for example, that confusion in society begets confusion in individuals, he writes: "The fissiparous tendency of organized groups was reflected in the fractionalization of individual opinion."

Occasionally, an isolated judgment on some facet of Indian life pops through such prose to the surface. Usually these judgments are sound and penetrating. But the main burden of the book is one which, if I understand him correctly, might have been told in one-tenth the space with ten times the effectiveness.

INDIA, by its very strangeness, forced Taylor into a reëxamination of all Western thinking, particularly that portion of Western thought which went on in his own mind. Summarized, his conclusions follow something in this manner: Delusion is as universal as the common cold; individual delusion is usually recognized as madness; national or institutional delusion—such as patriotism, racial superiority, diplomatic suspicion—is just as common and far more menacing to the peace of the world. We live now, the argument of the book runs, in a period of historic crisis that makes such institutional delusions far more disastrous than ever before; if they are to be cured they are to be cured only by clarity of thinking. These conclusions are unchallengeable, but when *Richer by Asia* is judged by its own conclusions it is greatly wanting.

Taylor's sweeping dicta on Asia are infected by delusions that are crusty with age. Asia is here accepted as Westerners have accepted it for centuries: as a cultural unity that freezes China, India and Japan into the same mold. The cultures of India and China are as alien to each other as the cultures of America and India; yet this book's generalizations based on Indian experience are applied with equal certainty to China.

THERE is in Taylor's appreciation of Asiatic culture something old-fashioned, something of the naïve wonder of eighteenth-century Europe that first learned of Cathay from Confucius and saw the Chinese government as a noble society of philosophers. He sees the culture of Asia as a "culture which has such a horror of taking life that its members will die in diabetic coma rather than use the pancreas of slaughtered animals"; a culture that has "despised technology and given highest place to soul values." These are the delusions that idealistic Asiatics like to cherish about their culture just as their Western counterparts cherish the delusion that our society is descended from the Sermon on the Mount or Plato's *Republic.*

But the cultural values upheld by Gandhi and Confucius are only as true of Asia as the values of Christianity are true of the West. Murder, indignity and terror are as indigenous in theory and practice to India and China as they are to America or Europe or any other part of the globe where men live together. There is a kinship of the world, both of glory of spirit and brutality of flesh, that all men share. For all its sensitivity and perception, *Richer by Asia,* in implying a distinction of essence between East and West, perpetuates a delusion.

THEODORE H. WHITE

One Man on a War

SLIGHTLY OUT OF FOCUS, by Robert Capa (Henry Holt; $3.50).

THINGS have come to such a pass there has been absolutely no reason to read war correspondents' books any more. Hastily and illiterately written, they have divided themselves into familiar categories:

1. I was the first man into Boulogne-sur-Mer.

2. Gee, Ma, the shelling was terrific.

3. Weren't we the devil-may-care,

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poker-playing, hard-drinking young scoop hounds?

Some even have achieved the awful distinction of writing themselves into all three stomach-turning categories at once.

But now comes Robert Capa with a blithe, slightly fictitious account of some of his experiences as a war photographer for *Collier's* and *Life,* which happily falls into none of the literary lime pits. Violating all war-correspondent traditions, Capa has told what happened to him—a carefully culled version—within the framework of a tenderly uproarious love story; if the pursuit, sometimes ardent, sometimes lackadaisical, of one rather pretty girl can be considered a love story.

With the apt label *Slightly Out of Focus,* Capa's story, rather than depicting him as the Great Lover, makes him a Cyranoesque figure of much humor and some sympathy as he pursues a lovely little pink-haired English number around wartime London. Always Capa was on the verge of attaining this roseate vision, whose name was Pinky, but some obstacle always intervened to divert him from the chase—the invasion of North Africa, a new D-Day, an appendectomy or the callousness of public officials.

BETWEEN Pinky episodes Capa manages to tell a good deal about all the war he saw and particularly what it is like to be a war correspondent, something his more literary but less gifted colleagues seldom have been able to do for their much maligned profession. On an invasion barge heading for the Normandy beaches the night before D-Day, he makes his classic definition of the difference between correspondents and all the other men in uniform:

> The war correspondent gets more drinks, more girls, better pay and greater freedom than the soldier, but at this stage of the game, having the freedom to choose his spot and being allowed to be a coward and not be executed for it is his torture.

Most of the time Capa doesn't brood over events, but what he hasn't said in words about the grueling boredom, the blood and dirt and the sometimes terrible beauty of war, he has documented in the very moving photographs which he has chosen to print from the thousands he took while away from Pinky. The only important omission is a photograph of Pinky herself.

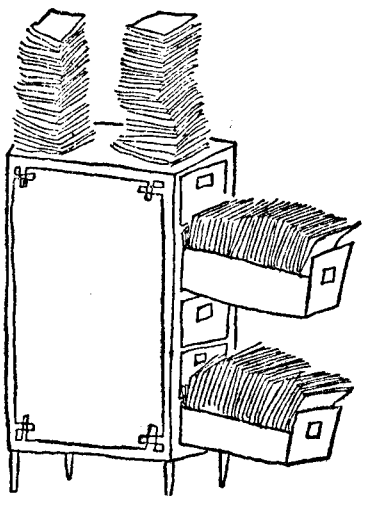
This reviewer happens to know Pinky (that's her real name) and Capa's major literary failure is in not doing justice to the fragile, strawberries-and-cream loveliness of the real Pinky, who was, as the saying goes, the toast of wartime London. Pinky now has settled down, alas, to the humdrum satisfactions of housekeeping in the Rogers Park section of Chicago.

OBVIOUSLY Capa, who almost won her, is a rather extraordinary fellow. Although an enemy alien in the US, he was able to wangle a pseudo-passport from the austere British Embassy in Washington. He was able to travel halfway around the world with almost no papers at all. Without a job, he was able to sneak along on the invasion of Sicily, get a real picture scoop and land a fine job. These exploits and many others he tells with appropriate immodesty, with good humor and only occasional boasts of his prowess with cards and bottle. Capa, thank God, does not take himself too seriously. Neither is he shy about quoting his own best quips and epigrams.

Among correspondents Capa was known not least for his use of eight languages and his mastery of none. Traces of the freedom with which he treats words in any language are to be found in his prose style, but they enhance rather than mar this gay, swift, entertaining story. With Capa in the field there is again a reason to read another correspondent's book.

WILLIAM WALTON

William Walton served during the war as European correspondent for Time *and* Life. *He is now Washington editor of the* New Republic.



Fiction Parade

INFERNAL MACHINE, by A. Fleming Macliesh and Robert de San Marzano (Houghton Mifflin Company; $2.50).

NOT NOW BUT NOW, by M. F. K. Fisher (The Viking Press; $2.75).

VIRGIE, GOODBYE, by Nathan Rothman (Crown Publishers; $2.75).

"INFERNAL MACHINE" is intended to be a satirical novel of the vast bureaucratic structure set up in Washington during the war. Because of a typist's error in a telegram, an entire government agency is organized to develop the non-existent oil fields of "Punta Minorca." Playboy Golly Keighley ("while criticized in certain quarters for lack of actual administrative experience") is appointed "Coördinator of Inter-Punta-Minorcan Affairs," trades his watch for a chronometer and describes himself seriously as "a big wheel that makes a lot of little wheels go round." Any intended satirical distortion is belied by the actual facts: they're all too true. And while the history of the IPMA is certainly funny, the humor is largely mimicry and slapstick, and the book too long and repetitious merely to prove that one can't satirize the Pentagon Building.

The book proves, too, that there are many other contemporary phenomena which are impervious to satire: newspaper columnists, café society, Hollywood, big business. The literal statement of the case is more devastating than any possible criticism. Interesting, in this connection, are the easily distinguishable tones, throughout the book, of other voices. There are passages which Ronald Firbank could have written. There are many more which are closer to the genius of

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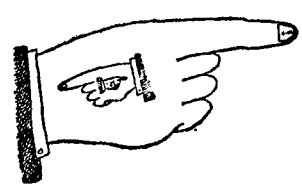
Groucho Marx. The early Huxley and Waugh, Thurber and elements of Kafka are present. But assimilated into this context, they are neither personal nor extravagant; simply adequate to the facts. In the phantasmagoria of the contemporary scene, we must employ the language of satirists and fantasts to describe drab reality.

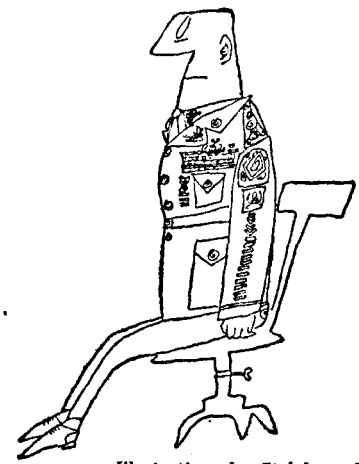
"NOT NOW BUT NOW" is not one story but four, all about the same woman, but in different places and over a period of a hundred years. Any one of them tells the story as well as all four together; unless Mrs. Fisher is trying to practise an economy of character at the same time she is displaying an ingenuity of background and incident, it is hard to understand the purpose of the time trick. "In this respect," the publishers say, "her novel will bring to mind Virginia Woolf's *Orlando*." Not for long; there are other respects in which it will bring to mind an altogether different kind of fiction.

"Beautiful Jennie, so wise, so witty," is an adventuress with a rather intensely developed range of tastes and desires, most of which she gratifies in Lausanne before the war, in the London of a hundred years ago, in a small Ohio town during the bootleg twenties, and in high-riding San Francisco in the eighties ("where social implications became entangled with her purely sexual plans").

Men, to come to the point, divided into two classes. There were the "schoolboys," the more or less inept who operated on the naïve "assumption that [they] could have her for the simple reason that [they] wanted her." These "made her bones yawn." Then there were those of the "lean black-haired arms" who were more likely than not to bring their "slim heels together in a bow that betrayed God-knows-what hidden background of student-corps and dueling-school precision." For these she "felt herself ready to vomit with desire."



The tone is maintained by constant crude appeals to the sensory apparatus —for example, the olfactory: A young



Illustrations by Steinberg from Infernal Machine

man is "clean to smell"; as a tribute to which he is treated, on the next page, to "the delicate gas of her private smell." In the following paragraph, a young girl "smelled like new-mown meadowflowers"; on the next page an old man "let . . . her perfume flow without protest through his rugged, hoary frame"; and on the next page but one, that same keen proboscis "could smell the perfume of her skin."

This is pleasingly varied by such sensual swank as "Sir Harry solemnly poured a little [Tokay] from his glass into her navel," and "Sometimes she would like to whip Barbara with a little jeweled whip."

Mrs. Fisher is an authority on cooking and eating, and has published such books as *How to Cook a Wolf, Serve It Forth* and *Here Let Us Feast*. This is her recipe for a novel: to a generous helping of ham and corn, add artificial color and artificial flavor. Beat the whole into a light fluff. Half bake.

IN *Virgie, Goodbye*, Nathan Rothman writes the story of a prostitute. There are a number of traps for a writer in this theme, and the only one the author altogether avoids is the salacious. The one into which he falls deepest is an exaggerated detachment. Laudably determined to avoid the attitude of a vice squad, on the one hand, and Kathleen Winsor on the other, he apparently decided that the most liberal course was to abnegate all attitude whatever, with the result that he rather effectually denies for his story any interest as a special case. Change the wording of several paragraphs, and except for three days in jail on moral charges, Virgie might well be, for all it matters to the story, a waitress or a salesgirl or an usherette in a movie theatre. And the only explanation that really accounts for her character and situation, Rothman is too kind to emphasize. The truth is that Virgie just isn't quite bright, but it is more euphemistically implied that she's too spontaneous and generous for her own good. Consequently, we are treated to the intimate history of a moron on the premise that an undersized head is an oversized heart.

JOHN FARRELLY

Teaching America

Making the American Mind: Social and Moral Ideas in the McGuffey Readers, by Richard D. Mosier (Kings Crown Press; $3). In the nineteenth century, America, the first large experiment in popular government, was particularly concerned with mass education as the agency which could best teach the governed how to govern. Dr. Mosier's study of the basic textbook of nineteenth-century America—122 million Readers were sold between 1836 and 1920—is an interesting handbook of middle-class morality marred by a dull style. Mosier finds that the Readers represented the conservative tradition; they used Calvinism to justify the ways of capitalism to children; taught respect for God and the conservative clergy, for the Constitution as set down in Philadelphia and interpreted by Federalist courts, and for the rich as the stewards of the Lord.

The virtues they taught—temperance, thrift, hard work and obedience —were qualities to fit boys to rise in an era, when many did go from rags to riches, but they took the precaution of teaching humility to discourage the less successful from questioning the status quo. Most of the traits of their ethical system can be recognized in today's middle-class standards, and with less modification than the property system those ethics represented. N. H.

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Labor

Life Under Taft-Hartley

As government agencies and labor unions jockeyed to adjust themselves to the Taft-Hartley Act, something like a war of nerves began intensifying between unions and Robert N. Denham, new and powerful general counsel of the National Labor Relations Board. The betting in Washington was that, regardless of what happened as the NLRB tried to get unions to sign "non-Communist" affidavits, Denham was in for a rough and perhaps brief term of office.

The great majority of CIO unions, including those in which leadership is admittedly non-Communist, steadfastly refused to sign the non-Communist affidavits, at least pending the meeting of CIO's vice-presidents' group in Washington early in September. The AFL's formidable John L. Lewis was widely reported as having snorted that he would never sign the affidavit required by the Taft-Hartley Act. George Q. Lynch, president of the high-paid, tough and non-Communist AFL Pattern Makers' League, last week issued a fiery statement denouncing the affidavit which Denham was trying to get union officials to sign as a "buckshot" document, exposing union leaders to 10-year prison terms for "false statements" which they might not even know were false.

THE first wrong notion which should be cleared away is that the unions in refusing to sign the non-Communist affidavits are motivated solely by childish vengefulness against the Taft-Hartley Act. Elements of pique and indignation perhaps are present, but the major factor is that labor lawyers now consider the NLRB so badly twisted that the price a union pays for submitting to NLRB jurisdiction is greater than the prospective benefit.

The Taft-Hartley Act has placed so many restrictions on union-security clauses, such as the closed shop, union shop and dues checkoff, that powerful unions are seeking ways to live without depending on the NLRB. These devices may not work. The Taft-Hartley Act creates weapons which employers can use to force unions to bargain. But a coerced employee is not a very happy employee, nor usually a very efficient one. The point is that unions are affronted and frightened by the Taft-Hartley Act, and their inclination to boycott the reorganized NLRB arises from these fears and indignations.

General Counsel Denham has not made his task easier by his interpretations of the Taft-Hartley Act. He announced, for example, that no CIO union could be recognized under the law unless all members of the CIO executive council signed non-Communist affidavits. The same principle was applied to the AFL. That gave Lynch, of the Pattern Makers' League, who has never been awed by John L. Lewis, a chance to point out to Denham that the rule gave Lewis—or "any Gromyko on the AFL council"—a power to veto what the Pattern Makers themselves might do.

Denham's staff prescribed a set form of affidavit which it required union officers to sign—a form stating that the signer neither belonged to, believed in nor supported any organization teaching overthrow of the government by illegal means. This aroused Lynch's fury. He had no objection to swearing he was not a Communist and did not believe in communism; he filed such an affidavit on August 18, four days before the Taft-Hartley Act went into effect. At the same time, he announced that he reserved his claimed right as a citizen to join any legal party to resist any form of totalitarianism, no matter what "name or color of shirt" it might select, if administration of the Taft-Hartley Act in his opinion tended toward dictatorship. The NLRB rejected Lynch's affidavit and demanded that he sign the form prescribed by Denham.

Lynch angrily pointed out that it was impossible for him to advise his subordinate officers to sign affidavits, swearing nonmembership in organizations teaching overthrow of the government by illegal means, when he did not know what organizations were considered subversive by the NLRB.

WHO is going to decide which organizations advocate illegal overthrow of the government? The NLRB says it isn't; that its function in gathering affidavits is purely mechanical. But is the Department of Justice going to decide—and when—which organizations are believed "illegal"? Or is the House Committee on Un-American Activities going to decide? Does a union officer, a known non-Communist, expose himself to prosecution by membership in the Southern Conference for Human Welfare?

These questions are no joke. Senator Taft indicated on the Senate floor in June that the purpose of requiring affidavits from union officers was to expose them to prosecution, under the same statute allowing the recent conviction of Carl Marzani, former State Department aide, in case of "false statements." But not even under President Truman's "loyalty" program has the Justice Department publicly named the organizations it holds to be illegal, and Justice Department spokesmen refuse to say even whether such a list is in existence.

Actually, a court test is badly needed on whether Congress has the right, through the Taft-Hartley Act, to expose citizens to "false-statements" penalties for membership in organizations which have not been judicially found illegal. A court test is needed to decide if Congress can deprive citizens of normal rights of union representation before the NLRB unless an oath of nonmembership in any political group is filed. The fact that the Soviet Union does not allow our traditional American political liberties is no excuse for us to abandon our own traditions by indirection and adopt the parts of the Soviet system—the intolerance of minority dissent, for example—which are most distasteful to Americans. WILLARD SHELTON

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Farm

Fulton Lewis Jr. and the Coöps

EVER since the Republicans won the election, the war on coöperatives, both farmer and consumer, has been in full swing. Bills penalizing coöperatives have been introduced in a number of state legislatures and the National Tax Equality Association, avowed enemy of coöperatives, has invaded some states by forming state committees. Pressure was brought to bear on Congress to enact legislation crippling coöperatives, and last February and March Fulton Lewis Jr. attacked the coöperative movement in seven different broadcasts.

In his broadcast of February 21, Lewis said:

Now, last night, ladies and gentlemen, I tried to give you a broad general picture of how loopholes in the income-tax laws and regulations are legalizing the evasion of hundreds of millions of dollars in corporation income taxes, thereby financing the mushroom growth of a tremendous new system of super-big-business monopoly throughout the nation. It is a big business that has already reached the stage of an estimated $12 billion a year. . . . I am referring of course to the so-called consumer coöperatives which have sprung up all over the United States. . . .

In reality, consumer-coöperative business amounts to only $1 billion a year. According to the Farm Credit Administration, the 10,150 farm coöperatives which Lewis did not include in his speech did a business of $5,645,000,000 in the 1944-45 marketing season.

Lewis renewed his attacks on coöperatives a few months ago. He delivered a speech in New York, in which he told about some of his personal experiences. The speech was reported in *Credit and Financial Management* as follows:

The third scheduled speaker for the evening was Fulton Lewis Jr. Choosing as his subject "Tax-Free Coöperatives as Your Competitor," Mr. Lewis spoke from his own experience as a farmer in Maryland. He described one coöperative which he had to join in order to get feed, since it was unavailable anywhere else. Dividends, he said, on his one share of stock had risen to $68.10, none of which, however, he could get in cash. He said that that $68.10 was the most involuntary investment in the history of American finance, and he swore that he was going to get his money if he had to go to the Supreme Court to do so.

On June 2, W. C. Wysor, manager of the Southern States Coöperative, wrote to Lewis and demanded that he confirm or deny the story. When Lewis ignored him, Wysor sent a registered letter to Lewis on July 15, part of which reads as follows:

You state that you had to join this cooperative to get feed. . . . That is not conceivably true. . . . Southern States . . . supplies less than a third of the feed used in your community. . . . I trust it is clear to you that the exit door from membership in Southern States Coöperative is wide open to you and that you do not need the aid of the Supreme Court either to sever your membership status or to get your money. I think I can safely say that, in view of your malicious and persistent misrepresentation of your experience as a patron and a member, every one of the more than 200,000 farmers who constitute Southern States Coöperative would welcome your withdrawal.

Then Lewis went back on the air and said that every word, every sentence, every paragraph he had said about coöperatives was true.

THE argument of such men as Ben C. McCabe, head of the NTEA, and Fulton Lewis Jr. runs about like this. They say they do not want to destroy coöperatives. What they object to, they say, is that the coöperatives don't pay income taxes on patronage refunds or refunds which may be issued as stock. They conveniently overlook the fact that every penny of patronage-refund money, whether it is issued as stock or not, is taxed on the return of the member of the coöperative. They also overlook the fact that

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issues of capital stock which members of coöperatives receive must be included as a part of their income-tax return and that the courts have agreed that patronage refunds, whether issued as stock or cash, cannot be included in the coöps' income-tax return since such refunds belong to the members.

Probably the chief objection of Lewis and McCabe is the fact that the coöperatives have any capital at all. Now of course it would be absurd for a coöp to try to do business without capital. Coöperatives need trucks, warehouses, even land and all kinds of equipment that will enable them to give the farmer good service. If there is a glut in the market, the marketing coöp may want to put its eggs in cold storage. If the coöperative buys tomatoes from farmers by the truckload and if tomatoes are going begging and being left to spoil, the coöp may want to raise enough capital to set up a processing plant so that the tomatoes may be put in cans.

THE money that is used to issue stock in a farm coöperative belongs to the farmers. Stock is not issued without the approval of the membership. All coöperatives have constitutions or bylaws and all operate democratically. One member has only one vote—not like great corporations where one man or a little group of men may vote 51 percent of the stock to the disadvantage of the majority.

It is misleading to say, as Lewis says, that farm coöperatives are monopolistic, because farm coöperatives comprise only a tiny part of all business and they don't exploit anybody.

FULTON LEWIS JR.

They exist only for the benefit of their members. The same is true of consumer coöperatives. The little store at Greenbelt, Maryland, which, as reported in the *NR* last week, is being played up by Representative Ploeser (R, Mo.), chairman of the House Small Business Committee, as a threat to free enterprise, benefits only its customers who get patronage refunds.

The main reason why coöps are disliked in some quarters is that they cut out the middlemen and the speculators. The farmer is at a natural disadvantage and the only way he can gain an equality of bargaining power in the market place is to form coöperatives.

OVER the years farm coöps have become stronger and, in spite of its reactionary leaders, the Republican Party is a little wary of making a frontal attack on agricultural coöperatives. During the hearing I attended, Ploeser didn't mention agricultural coöps. He is directing his fire against consumer organizations. He has probably talked to Representative Harold Knutson (R), chairman of the House Ways and Means Committee, who is politically smart and who comes from Minnesota where the farmer-coöperative movement is stronger than in other states.

But there is little doubt that the agricultural coöps will be included if oppressive anti-coöp legislation is passed next year. To date, the war on coöps has not been entirely successful. All bills introduced this year in state legislatures that would have undermined the coöperatives have been defeated.

I believe that Fulton Lewis Jr., whom I consider the number-one enemy of the American farmer, is losing ground. He has directed his remarks to farmers regarding labor unions and the OPA, which he helped defeat last year. Many farmers I have talked to were influenced by his OPA tirades but now they are beginning to wonder. They realize the prices of the products they buy are going up faster than of those they sell. Lewis' campaign against coöps will certainly not add to his popularity among farmers. ANGUS MCDONALD

D-day set for finish fight against 11,000,000 Americans!

Drive to Curb Co-operatives Slated in House

Small Business Committee to Open Hearing Aug. 15;

New book alerts public to attack

Powerful forces are girded for a showdown fight against the economic strength of 11,000,000 members of co-operatives in the United States. The continued spectacular growth of the movement is said to be a subversive threat to the American system of free enterprise. In this book of the hour the outstanding authority on co-operatives presents a threefold challenge to consumers, producers and monopolists and tells what the *real* issues are, what the *real* stakes are, and how co-operatives can capitalize on their unprecedented opportunity for expansion.

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United Nations News

Palestine Solution

FOUR months ago the UN's Balkan Commission presented a "solution" to the problem of Greece and her neighbors in a lengthy, confused report. Now a second investigating group, the United Nations Special Committee on Palestine, has offered its proposals for settling the Palestine question.

Partly because its members were from small and less interested countries, partly because Palestine has not yet become the focal point of East-West conflict, UNSCOP's report is more objective and more workable than the Balkan one. Despite certain major disagreements, the majority (composed of Canada, Czechoslovakia, Guatemala, the Netherlands, Peru, Sweden and Uruguay) agreed with the minority (India, Iran, Yugoslavia) that the mandate must be terminated, that the controlling authorities must be responsible to the UN until Palestine becomes independent, that economic unity in Palestine is essential to any solution, that the Jewish immigration must be continued and that certain religious and political safeguards must be written into any Palestinian constitution. (Australia, represented by J. D. L. Hood, who also served on the Balkan Commission and sided with the Western majority, refused to take any stand on the report.)

The majority advocates partition: a Jewish state; an Arab state; internationalization of the city of Jerusalem. The Jews are opposed to certain details of this solution, but they accept it in principle. The Arabs reject it completely. The minority wants a federal nation with Jerusalem as the capital and a division within that state into Jewish and Arab states. The Jews would accept this, but, in view of strong Arab opposition here, too, and their own desires for an independent national home, they favor partition now.

On the surface federalization sounds ideal, for most people agree that it is dangerous to break a country into sections. Under the proposed federal plan there would be a central federal government with Arab and Jewish governments within it. The federal government would have a court composed of Arabs and Jews, a legislative body with two chambers—one with equal Arab and Jewish representation, the other with delegates elected proportionally from the population. The legislative body would elect a head of state. The federal government would conduct foreign relations and certain necessary domestic duties, but the Arab and Jewish governments would have a large amount of local autonomy.

The major difficulty with the federal proposal is that neither Jews nor Arabs have so far been able to agree on anything concerning Palestine. It is a good idea which would probably result in either a stalemate or continued warfare. Partition, on the other hand, is likely to be accepted by all the big powers with certain modifications in the report. The Arabs will fight it, but the Jews may be able to enforce order in their sections. If the UN sincerely wants to solve the Palestine question, it now has a workable, though imperfect, plan.

ON August 5, the Security Council heard Egyptian Prime Minister Mahmoud Fahmy el Nokrashy Pasha explain why British troops should be evacuated from Egypt and the Sudan, and why Britain should end its administrative control of the Sudan. Nokrashy Pasha admitted that the 1936 treaty permitting British troops to remain in the Sudan was valid until 1956, but charged that his country had not been a free party to that treaty and, anyhow, things had changed since it was signed. He presented his case while Faris el-Khouri, Syrian delegate, was president of the Council. Syria has made no bones about its sympathy for Egypt in this case. Nokrashy Pasha was answered by Britain's Sir Alexander Cadogan, who argued that the treaty was valid and must be observed unless the International Court of Justice ruled otherwise. It was clear that Egypt wanted the resources of the Sudan while Britain wanted to retain a strategic post there. The debate proceeded in dull, routine fashion.

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Then, on August 22, the Council members filed in, took their places at the table. The debate opened. A spectator sitting in the front row of the chamber stood up, his red fez visible throughout the room. He was an Egyptian nationalist, Mustafa Momen, and he brandished a letter supposedly written in blood which demanded a free and united Nile Valley. The Security guards closed in and led Momen out to the lounge where he was surrounded by eager reporters. The excitement had no sooner passed than Momen's friend and fellow agitator, Kamel Kotb, stood up and was also removed, shouting "Down with imperialism."

MOMEN and Kotb were barred from future meetings, but they reappeared four days later. This time they managed to get into the press gallery of the Council chamber. As the guards closed in, Momen and Kotb began shouting anti-British slogans. During this eviction a guard had his hand bitten. The facts about these two incidents are:

1. They were the first political disturbances in the history of the Security Council.

2. While it cannot be assumed that the president of the Council had anything whatsoever to do with the disturbances, it is probable that the two Egyptian nationalists hoped to play on el-Khouri's pro-Egyptian bias.

3. Momen and Kotb are staying in New York at the Plaza hotel, where Nokrashy Pasha is also registered.

4. Secretary-General Trygve Lie told the press that the men would be barred from the grounds in the future and turned over to police if there should be further trouble. He admitted, however, that the Security Council president has complete jurisdiction over the Council chamber.

5. Momen and Kotb certainly did not influence Security Council members, but they stated their case to the public with a dramatic flare unheard of in Council debates. From their point of view this was justifiable, but the incidents are of dubious benefit to the United Nations.

JANE BEDELL

Bandwagon

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Nearly 100 German scientists, spurred on by the hope of an ultimate revenge on Russia, are working untiringly at Wright and Patterson Army airfields. . . . "I wish we had more of them," said one Army officer at Wright. "They are wonderful workers." – *North American Newspaper Alliance dispatch from Wright Field, Ohio.*

Economics Made Easy

Some of the recent increases in food prices have been attributed both to short supply and to our exports of food to foreign countries. The truth is prices have risen largely in line with a general upward trend. – *From an editorial in the Nassau (Hempstead, N. Y.)* Daily Review-Star.

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Music

Quick Look Around

AMONG the gems to be found in many record collections are performances never intended for the public ear, and while some of these are just plain dirty, others are highly entertaining and definitely worth the trouble it takes to find them. The more amusing include "fluffs" made by various artists, and although such indiscretions are more frequently identified with radio (Lou Gehrig's plug for the wrong breakfast food and Tami Mauriello's "I got too damn careless" after the Lewis fight are incidents dear to the hearts of the people who enjoy the occasional deflation of radio's pomposity), recording engineers have on occasion managed to preserve the mistakes and some are hilarious.

Bing Crosby is a master at turning "clinkers" into collectors' items, and among his better performances in this field are three "fluffs" made over the last several years: "Wrap Your Troubles in Dreams," "Jimmy Valentine," and "Jingle Bells" with the Andrews Sisters. While making these records, Crosby muffed the lyrics, and instead of stopping to cut another master, he continued to sing, ad libbing his own lyrics and comments (spiced with mildly impolite language), much to the amusement of the accompanying artists and musicians. I don't think Crosby ever put on wax anything quite so typical of his easygoing personality.

THERE are many records like these, for wherever there's a recording studio you'll always find a mike-happy character who's ready to contribute a few witticisms or obscenities to posterity. The records aren't easy to find, but you could do worse than look for them, because they're show business with its hair down, and there are few things more entertaining.

Columbia's Duke Ellington jazz-classic album (C-127; $3.40) includes eight previously unreleased sides recorded by the band that was probably the greatest the Duke ever had. Outstanding among exceptional offerings are two numbers by a sextet of Rex Stewart (trumpet), Johnny Hodges (alto sax), Harry Carney (baritone sax), Wellman Braud and Billy Taylor (bass) and the Duke himself at the piano. Combining the delicacy of a small instrumental group with the power of a big band, the group is enhanced by my favorite baritone saxophonist, Harry Carney.

Another Columbia jazz-classic book is volume two of the Louis Armstrong Hot Five series, featuring some of the King's better known works such as "Savoy Blues," "Ory's Creole Trombone" and "Struttin' with Some Barbecue," in addition to several sides with which listeners may not be as familiar, although they don't suffer by comparison. Best of these is a blues entitled "I'm Not Rough," with one of the most satisfying trumpet choruses that Armstrong ever built around the old 12-bar foundation. (C-139; $3.40.)

THE latest Vox albums offer the best and worst in popular music. Into the first category falls a group of records made in Europe during the early thirties by Marlene Dietrich. Some of today's girl vocalists who try so desperately and ridiculously to put sex into their voices, should hear this done by an expert. The lyrics are sung in German, but the way Miss Dietrich handles them you don't need to know the language. Before reissue the records were not easy to find in this country, and the Vox people rate a vote of thanks. (VSP-304; $3.93.)

On the Vox debit side is an atrocious collection of junk taken off the air during a WNEW Saturday Night Swing Session. In the album six musicians (including Roy Eldridge, who ought to know better) fight it out to see who can play loudest and highest, while a studio full of morons screams its applause. An unusually well thought out guitar solo by Al

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Casey is the only item worth salvaging from this inexcusable excuse for music. (VSP-303; $3.93.)

Capitol's new Benny Goodman album stars Benny himself and a group of young and promising musicians playing in various combinations. The arrangements are imaginative and colorful and the ensemble work is typical of the clean-cut execution always identified with Goodman bands. Benny continues to do tasteful and stimulating things with his clarinet; and shows a too frequently hidden charm as a vocalist. I think that dancers and hot-jazz fans alike will enjoy everything in the album. (BD-57; $3.15.)

Two new pleasant and folksy albums make nice light listening. One is a book of polkas issued by Capitol and played by Tex Williams and his Western Caravan (AD-56; $3.15). Don't let the name scare you. The band plays with taste and if you like the simple, pretty melodies of polkas with all their European flavor, the album is a real buy. And if you feel inclined toward experimenting with square dances, M-G-M has an album of this friendly music played by Carson Robinson's band, featuring the calling of Lawrence V. Loy. The inside covers of the book include instructions and diagrams, so that you'll know when to do-si-do or allemande right. (M-G-M-5; $3.15.)

I've heard Eddie Condon praised by many people (particularly Eddie Condon) for many things, but it took Carter Harman to recognize Condon's talents as a conductor. In an article in the New York *Times* (August 24), Harman suggests that the exceptional music played at Condon's club (and it is exceptional) may be attributed—if only in small part—to Condon's antics on the bandstand. I should like to take exception to this. Condon has long had delusions of Koussevitzky, and if it makes him happy to wave his hands at a gang of musicians who are too busy playing to watch him, fine. He's a nice guy and an outstanding musician, raconteur and snappy dresser, but if he's a conductor, I'm a motorman. CHARLES MILLER

Correspondence

"Smoky Stoves"

SIR: I take exception to your phrase "old smoky stove" (Angus McDonald in the *NR* Farm department, August 11) as a piece of sensational journalism, intended to confuse, persuade and fool somebody. And to cause tears to be shed for the poor little frail farm woman who is so cruelly treated by an unappreciative country. . . .

I have cooked on wood, coal, gas and electricity, the last named is the present mode of preparing our simple repasts. I can say without exaggeration that I wish this electric stove was in hell . . . if it had the power to feel. . . . Although you, you poor deluded creature, would think that electricity, being the most modern, is the best. . . .

Where have you been all your life anyhow? . . .

St. Louis, Mo. H. D. SMITH

SIR: . . . Anyone who has seen fragrant raised biscuits drawn from the oven of an immaculate, well drawing coal or wood range, supplied with coal or with birch firewood, or has read in the beneficent light of a clean, well trimmed kerosene lamp fitted with a good duplex or Rochester burner, will know this is unrealistic, tear-jerking sentimentalism.

New York City M. L. HAMLIN

[I grew up on a farm in Oklahoma and agree that biscuits cooked in a wood range are delicious and that the stove may not necessarily be bad. What I was referring to in my article was the condition that exists in one-third of the nation's farm homes. I have been in many of these homes, and in many of them you will find smoky lamps and smoky stoves. The stovepipes have holes in them, some of the old stoves are cracked; the lamps too are in bad condition. The wicks of the lamps should be replaced, but they are not because the family has no money. My article was directed toward conditions of such people, and I am unhappy if I failed to make this clear. – ANGUS MCDONALD]

Randolph Bourne

SIR: Alyse Gregory (widow of Llewelyn Powys), former managing editor of the *Dial,* now living in England, is writing a book on Randolph Bourne.

She asks that those who have letters from him lend them to Agnes de Lima, 282 West Forty-second Street, New York City, who will have them copied and promptly returned.

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Movies

Italian Tragedy

THE new film from Italy, "Shoe Shine," is almost certain to be overpraised. Audiences accustomed to American methods of movie making always respond quickly to a picture that has the imagination to tell a simple story in simple terms, that attempts to inject some reality into its human reactions and that remembers that sunshine is still a fine light in which to expose film. In this case also, because of our appreciation of the difficulties under which it must have been made, we are inclined to be generous to this film for the same unflattering reason that circus crowds applaud a trumpet-playing seal. The attempt is gallant, if the results are less than perfect. The overpraise here, however, will be unfortunate, for this is a good, if not a great film.

"Shoe Shine" ("sciuscia, Joe?") is the story of two Roman street boys who fall into the hands of the police by way of the black market. They have sold a pair of GI blankets to a fortuneteller-fence to raise money for what seems to me the unlikely purpose of buying a horse. I have never been in Rome, but I have not met in any other city a bootblack with equestrian ambitions.

The moral of the film is not so much that the black market is wicked, though it does make the obvious point that it is wrong to sell US Army property. The real moral is that failure of understanding is a sin, and when children are involved, a sin without redemption. This it says well.

There are no villains at the reformatory where the two boys are sent. The guards are worried, overworked public servants in double-breasted business suits who are short-tempered and arbitrary, perhaps, but never evil. They know their institution is bad for the boys, and it troubles them. They know the food is wretched, that the cells are overcrowded; it is significant that when they administer a flogging they use the belts from their own trousers for the purpose. They carry out with a kind of irritated frustration the dictates of an unfeeling society, and thus they share in the sin that is not of their own making.

THE excellence of the picture springs from the group of boys who carry it, but from them, too, comes one of its faults. Children, if they are handled with sensitivity, can perform with a poignancy and directness that adult actors rarely achieve. But they fall short of adults in one respect: they cannot project emotions completely outside the range of their own experience. It is true that they can be taught to mimic such emotions (and you can usually tell when they begin to do so, for suddenly their eyes seem to shift to some shenanigans going on off stage) but there is no conviction in the performance.

Thus, in "Shoe Shine" the boys are graceful and easy and completely believable when they are engaged in the kind of actions and situations which children of their age naturally encounter. The jeering chant with which they infuriate their elders, the slow approach and the shy handshake of a

BRUNO ORTENSI, THE BULLY

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reconciliation, the glad smile dissolving into sobs of shame and loneliness with which a boy flings himself upon his mother; this is the sort of fine human material the boys handle with breath-catching ease. But in the final scene one of the boys kills his friend, and the resulting awakening to horror and fear and despair is not so good. The boys understand loyalty and know how to gang up for protection against the adult world, but they don't understand murder and they play it falsely.

The hollow square of the two-tiered cell block makes an effective set (as any number of prison films have previously proved) but it quickly becomes monotonous and lends itself easily to repetitious action. The scene in which a crowd of prisoners surge out of their cells and march down a flight of stairs in a kind of dance counterpoint should never be used more than once in a given film. And it seems to me too pat for one of the boys to be tubercular and for the defense lawyer to be too drunk to make a plea.

This is the fault of underscoring which European films usually avoid, and which, in fact, "Shoe Shine" falls into only occasionally. The film is also unhappily lacking in surprise. From the moment the young heroes count their money, you know they're headed for jail, and the critical events of the story—the bully who comes between the two friends, the stiff-necked judge who labels them enemies of society, the wild escape through the infirmary window—are reminiscent of vastly inferior films.

But if these faults detract from the picture, they do not spoil it. "Shoe Shine" confirms what "Open City" had already suggested: that Italy is experiencing a film renaissance that is nothing short of astonishing. The two boy leads are played by Rinaldo Smordoni and Franco Interlenghi; Vittorio De Sica is the director; Paolo W. Tamburella is the producer. Herman G. Weinberg wrote the English titles, which means, as it always does with him, that they are as inconspicuous and as helpful as this device ever can be.

ROBERT HATCH

"SCIUSCIA, JOE?"

MONEY TO BUY A HORSE

THE DICTATES OF AN UNFEELING SOCIETY

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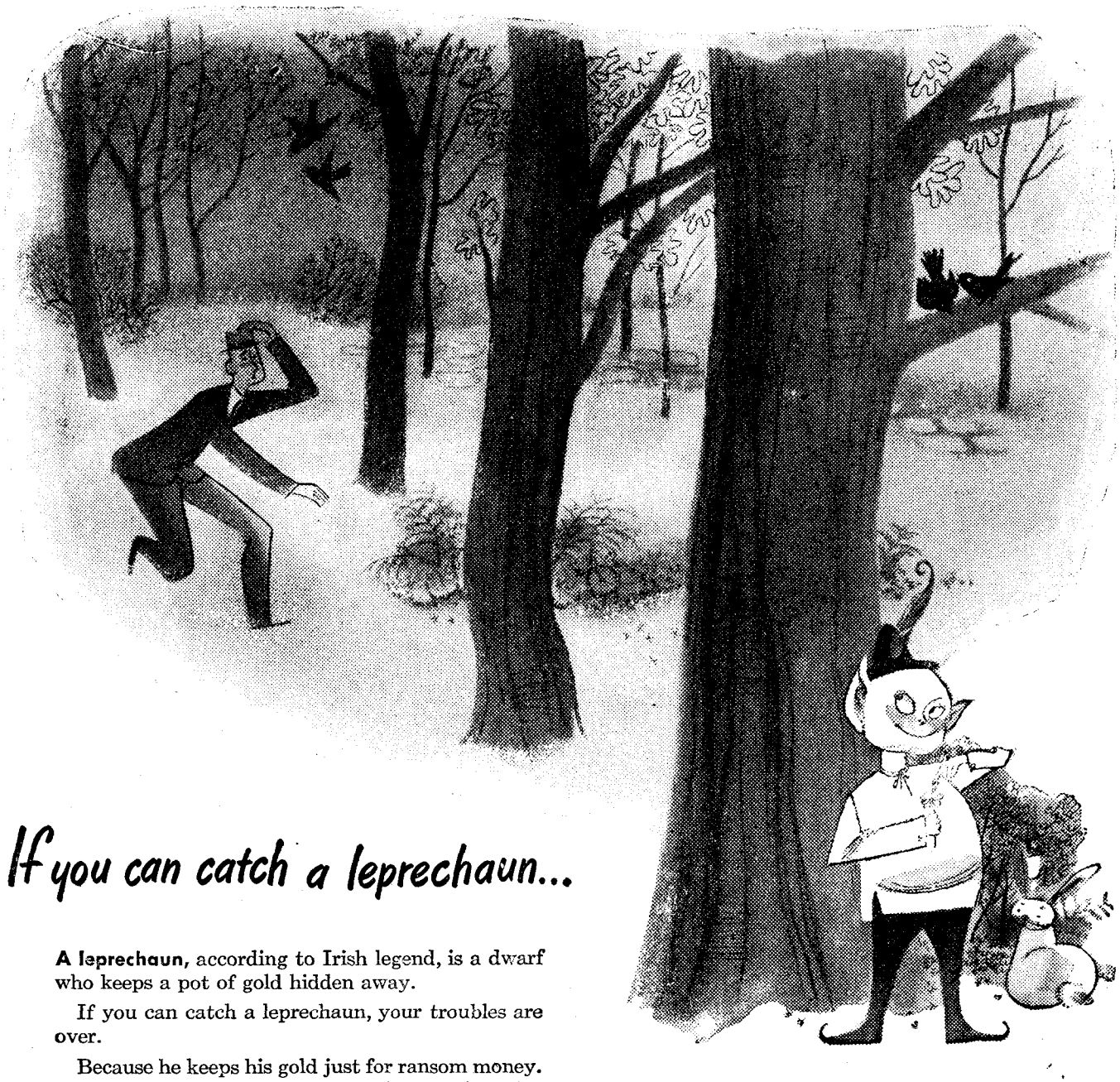

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